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NEWS SUMMARY

GENERAL

Pope welcome in Ulster say MPs

MPs tabled a House of Commons motion saying they would welcome a visit to Northern Ireland by the Pope "and in due course to other parts of the UK."

The motion's sponsors, Mr. Kevin McNamara (Lab, Hull Central) and Mr. John Biggs-Davison (C, Epping Forest), hit out at the Rev Ian Paisley, leader of Ulster's Democratic Unionists, for his "farcical" attack on the Pope.

The Foreign Office said it had received no indication, "formal or informal," that the Pope wishes to visit Northern Ireland.

UK businessman held in Iraq

A British businessman has been held incommunicado in Baghdad for the past 11 days. Mr. John Smith, managing director of Hestair Dennis, which specialises in the manufacture of fire engines and refuse collectors, was on a normal visit to Iraq "following the recent improvement in trading relations with the UK." said the company.

Bribes inquiry

The Greater London Council launched an inquiry into allegations that officials have accepted bribes to purchase building materials from a British manufacturer. Page 6

Scientist killed

A scientist, working with conventional materials, was killed in an explosion at Aldermaston, the Ministry of Defence Atomic Weapons Research Establishment near Reading.

Cyprus demand

Cyprus is demanding about £250m from Britain, which it claims is due for the services it provides to servicemen in the two British sovereign bases on the island and for aid due under *the original treaties establishing the republic.*

IRA raids

IRA terrorists set a goods train on fire, bombed a lorry and hijacked several vehicles in dawn raids along Northern Ireland's border with the Irish Republic.

Raids protest

Lebanon is to protest to the *United Nations Security* Council about Israeli air, naval and commando attacks following Sunday's air raids against costal villages in which 20 people were killed. Page 3

Rail fares

British Rail fares are likely to rise by 20-25 per cent at the end of the year because of inflation and increased fuel costs, Mr. Sid Weighell, general secretary of the National Union of Railwaymen said. Page 8

Homes scheme

Building societies are to recommend *a simultaneous valuation* and structural surveying scheme designed to save money for house buyers, following discussions with the Office of Fair Trading. Page 6

Flower power

South Africa's Agriculture *Minister* Hendrik Schoeman said in Pretoria that tests showed his country could becomes self-sufficient in tractor fuel by using sunflower oil *instead of diesel.* Page 3

Briefly . . .

Three Italian navy ships will leave Singapore tomorrow to pick up Vietnamese boat people adrift in the South China Sea.

United Airlines DC-10 with 170 passengers on board returned *to Chicago soon* after take-off when a broken fan blade entered an engine.

BUSINESS

Gold at record; Gilts firmer

● GOLD rose $6 to $304¼, *its highest ever closing level.*

● STERLING closed 2.85c up at $2.3015, its trade-weighted index rising to 73.0 (72.3). Dollar's index fell from 84.2 to 83.8.

● EQUITIES eased on fears of *a continuing squeeze on company profits* and nervousness about the economic and industrial outlook. The FT 30-share index closed 4.5 down at 466.7.

● GILTS responded to the rise in sterling, leaving the Government Securities index 0.22 higher at 73.59.

● WALL STREET was 3.67 *down at 824.40 near the close.*

● NORTH SEA exploration group led by Continental Oil made an encouraging discovery about 1[illegible] miles South-east of the Shetland Islands. Back Page. Ulster pipeline plan, Page 6

● PLANS concerning the restructuring of National Coal Board finances, inducements to miners to leave uneconomic pits and the transfer of pension commitments to the state, are believed to be near agreement in the Department of Energy. Back Page. Feature, Page 18

● FORD unions agreed to press for substantial wage increases in autumn pay talks, but decided against claiming for a fixed percentage. Page 8

● INDUSTRY had a record financial deficit of £1.57bn in the first quarter, against £676m in the previous quarter. Back Page

● BRITISH RAIL is considering surrendering its near-monopoly position as manufacturer of its rolling stock and other railway equipment. Back Page. News Analysis, Page 7

● CBI's Scottish division told the Government that it sees a tough winter's wage bargaining ahead, with increased *productivity as the only method* to maintain living standards. Page 7

● POST OFFICE has reached *an interim pay settlement* worth an average of 11 per cent with 12,500 managerial staff. Page 8

● TRUCE *in the six-month* battle between unions and management over closures in the French steel industry is due to be reached today, with the initialling of an agreement on terms for workforce cuts. Page 2

● EUROCURRENCY loan of $500m (£227m) is to be *arranged for South Korean Air* Lines, to enable the company to acquire Boeing 747 aircraft. Page 5

COMPANIES

● DRAKE AND [illegible] £1.5m [illegible]ings of the UK [illegible]ed April profits by 18 [illegible]onths *in the six* [illegible] 30. Pa[illegible] [illegible] *fuels,* pharma[illegible] building supplies

● A.&H. the [illegible] [illegible]sed pre-tax profit [illegible]ceuticals [illegible] to £6.8m last year. distribu[illegible] from [illegible] Pag[illegible]

CHIEF PRICE CHANGES [illegible]ERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 12¾pc 1981	£101¼	[illegible]
Excheq. 12¾pc 1999 A (£40 pd.)	[illegible]	+ 5
[illegible]	[illegible]	+ 20
Bremner	65	+ 9
Caledonian Ci[illegible]	83	+ 8
Channel Tu[illegible]	124	+ 4
Clayton S[illegible]n	112	+ 6
IAS Ca[illegible]	137	+ 7
[illegible]	32	+ 3
Jardi[illegible]	169	+ 4
Pho[illegible]	94	+ 9
Sai	574	+ 25
Corporation	337	+ 16

FALLS

Belhaven Brewery	46	− 3
Electrocomponents	435	− 8
Freemans	154	− 4
Furness Withy	287	− 7
Group Lotus	36	− 3
Hambros	307	− 6
ICI	326	− 5
Land Securities	297	− 4
Lloyds Bank	323	− 7
MFI Furniture	*160*	− 10
Reardon Smith A	81	− 5
Rivington Reed	22	− 7
Rolls-Royce	70½	− 4½
Stirling Knitwear	29	− 3
Trusthouse Forte	147	− 5
Unilever	484	− 8
Vinten	154	− 10

MORE DECISIONS ON INDUSTRY

State will carry shipyard losses for next two years

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

The Government is to continue subsidising British Shipbuilders' heavy losses for the next two years. Further aid would *depend* on its performance, but is not ruled out.

In a statement whose terms differed little from the package proposed before the election by the Labour Government, Mr. Adam Butler, Industry Minister, said the corporation would be allowed to lose £100m this year and £90m next year on its trading account.

There is to be a slight cut in the intervention fund used to *subsidise orders for British* Shipbuilders from £85m last year to £65m this year and £55m in 1980-81.

Mr. Butler warned, however, that the subsidies would not prevent further contraction of the industry. British Shipbuilders, he said, expected a *further* 8,000 *reduction* in the merchant shipbuilding workforce to 20,000.

He also made it clear that, unlike the previous Government, the present administration would not underwrite a fixed capacity target for the industry of 430,000 compensated gross registered tons a year by 1981.

The other main features of the package are:

● There will be no early attempt to sell parts of British Shipbuilders.

● The Government is to support the EEC in drawing up a scrap-and-build scheme for the industry.

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Coal financing charges, Back Page
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● British Shipbuilders will be given a nil commencing capital debt.

● Special credit terms will be *offered to UK shipowners* converting ships in British yards.

● Support will be given to an international move to raise OECD ship export credits.

British Shipbuilders' reaction to the announcement was one of relief. Mr. Michael Casey, chief executive, said he would now proceed with the restructuring of the corporation and work to improve efficiency.

British Shipbuilders has *decided, however, not to make* a detailed list of yard closures, preferring to continue with the gradual approach of the last year. It is expected to report tomorrow losses for 1979-80 of about £45m, compared with £108m in the first nine months of nationalisation.

There was disappointment among Conservative MPs at the Government's refusal to sell off profitable warship yards. But Mr. Butler has carefully shaped his policy to meet an EEC directive that aid for shipbuilding should be tapering and linked to restructuring of the industry.

He is hopeful that the Commission will allow the Government to administer the intervention fund without delaying case-by-case scrutiny from Brussels.

The Government announced yesterday a limit of £23.8m this year on aid to the state-owned Harland and Wolff shipyard in Belfast, which made a trading loss of £21.4m in 1978.

Half British Aerospace shares to go on sale

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE GOVERNMENT plans to offer "about half" of the shares in the State-owned British Aerospace group to public investors, and to make the group borrow in future as far as possible from commercial sources. These decisions could cut the Government's public spending eventually by several hundred million pounds.

But it is not the present intention to break up the group, and offer separate parts of it for sale to individual buyers, Sir Keith Joseph, Industry Secretary, made clear in a Commons announcement yesterday.

British Aerospace, which has assets of over £300m, was created two years ago by the nationalisation of British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics, and Scottish Aviation.

Legislation is to be introduced before Christmas to change the status of British Aerospace from a Statutory Corporation to a Limited Liability Company, under the Companies Acts. Initially the Government would hold all the shares, but eventually up to about half would be offered to outside investors, including the group's 70,160 employees.

There would be "a complete *safeguard*" *against* any significant purchases of shares by foreign competitors, although individual foreigners would be able to buy shares, Sir Keith said.

The Government will continue to appoint the chairman and directors but "will not expect to *intervene* in the administration of the company as a commercial concern," said Sir Keith.

This was later explained in Whitehall as meaning that where British Aerospace was able to finance a substantial part of a new or existing programme from its own internal funds or from outside sources, the Government would be prepared also to subscribe if that was thought necessary or desirable.

It was pointed out in Whitehall that the income from selling off British Aerospace shares together with placing the obligation to find cash in the commercial market, would help to cut the Government's public spending commitments by several hundred million pounds.

British Aerospace said yesterday that the group's present structure was sound and proving successful.

It said the board had "consistently and unanimously maintained to the Government that whatever changes in ownership may be devised, the present structural base is best fitted for the internationally competitive business of aerospace.

"The board has also said that any new proposal should be *broadly* acceptable to the *major* political parties and workforce. Continuity of operation is an essential ingredient in this long-term business. It is a matter for further consideration as to how far the Government's statement meets the requirements which we only believe accord with the national interest."

The Aerospace Staff Liaison Committee, representing 5,000 professional, managerial and allied employees in British Aerospace, *said that it held* no doctrinaire views on the Government's plan. But it was essential that stability was maintained in the industry.

The committee would object to any profitable parts being sold off, to the detriment of the less profitable parts.

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Microchip plant to go ahead

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE GOVERNMENT yesterday gave the go-ahead for the building of the world's largest micro-electronics plant in Scotland by National Semiconductor of *California.*

The company [illegible] plans last [illegible] announcement [illegible] about the week due [illegible] cut-back of Government schemes. However industry confirmed yesterday that it [illegible] project will be given subsidies of £12m to £14m.

The £45m project confirms Scotland as a major base for the expansion of the electronics industry. A number of other large U.S. corporations are looking at the area for possible sites *to* supply the European market.

National Semiconductor already has a factory at Greenock employing 650 people. This will be more than doubled in [illegible] [illegible] power to a number of jobs [illegible] analysis *over 2,000* within [illegible] shown. Machinery is to be [illegible] shortly.

[illegible] Robert Heikes, vice-president, said that capacity would be *increased* three times and the plant would eventually be able to produce 100m chips a month. The plant aims to supply world markets with *microchips* and European customers with custom circuits.

The most modern metal oxide *semiconductor* manufacturing techniques are planned. The *company is* considering producing chips on silicon wafers five inches in diameter, giving nearly three times the capacity of the three inch wafers *commonly* made at present.

National Semiconductor's direct competitors in the UK will be INMOS, the National Enterprise Board's £50m microcircuit venture, and a joint company planned for Lancashire by Fairchild and General Electric *Company.*

About a third of the Greenock project will be financed by the Government through an interest relief grant of £6m under section 7 of the Industry Act, and regional development grants of 22 per cent towards plant and machinery which will add another £6m to £8m.

The fierce competition from other countries for new mobile investment projects resulted in the loss of another micro-electronics project to the Irish Republic earlier this year. This encouraged the Scottish Economic Planning Department and the Scottish Development Agency to speed up procedures

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Public spending target decided

By Richard Evans and Peter Riddell

THE CABINET yesterday decided to limit total public expenditure in 1980-81 to almost this year's expected level in real terms, though major decisions on the balance of spending between Government departments have yet to be agreed.

The Treasury Ministers, backed by the Prime Minister, appear to have won the day in face of vocal, but isolated, opposition from certain spending Ministers, including Mr. Mark Carlisle, the Education Secretary, and Mr. Michael Heseltine, the Environment Secretary.

Some senior ministers appear to have been depressed by the outcome. This is not so much because of the impact on their departments' programmes but because of fears that the result will be a sharp rise in unemployment to a politically unacceptable level at a time of general world recession.

The basic decision is that the volume of expenditure will be held within about £500m to £1bn of this year's level.

This represents a reduction of between £3.5bn and £4bn from the level planned for 1980-81 in the Labour expenditure White Paper last January.

There may be a further discussion at Cabinet level on Thursday but the detailed distribution is unlikely to be settled until the late summer.

Among the issues still to be revolved are the balance of the defence, environment and education budgets.

The need to finance extra expenditure on defence and law and order as well as high public sector pay awards have forced a deep seated review, of other programmes, especially those of local authorities. Ministers have been looking at possible *changes in the statutory* requirements of Government to provide various services.

On the eve of the over two-hour Cabinet meeting, Sir Geoffrey Howe, the Chancellor, told a Financial Times conference in London, that Britain had no real choice about the need to reduce *the planned scale* of public spending. This was because of the poor outlook for economic growth, the high level of Labour spending plans, and the probable cost of public sector pay increases.

Sir Geoffrey said that if the Government maintained the expenditure commitments inherited from Labour with unaltered tax rates, public sector borrowing would soon be "vast and unsustainable."

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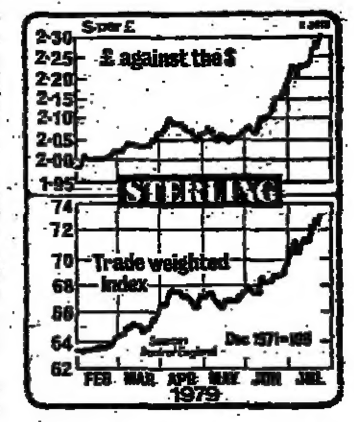
Sterling rises to over $2.30

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

STERLING YESTERDAY resumed its rise after the short-lived pause for profit-taking at the end of last week. Demand was reported to be heavy and the pound closed above $2.30 for the first time in more than four years.

The trade-weighted index, *measuring the value of sterling* against a basket of other currencies, jumped by 0.7 points to 73.0, its highest close since February 1976. This represents *an appreciation of nearly 8 per* cent since the beginning of June.



Dealers reported only occasional signs of intervention to check the rise as the authorities continued their policy of allowing a free float.

The pound rose by 2.85 cents against *the dollar* to $2.3015, compared with the day's high of $2.3045. This is a rise of 23 cents in the last seven weeks.

The rate also rose against the main Continental currencies—up to DM 4.17 against DM 4.13¾ on Friday and to FFr 9.71½ from FFr 9.64½ before the weekend.

The strength of the pound also boosted the gilt-edged market where prices of longer-dated stock rose by ¼ of a point.

If the pound remains firm there could be considerable interest in the new 11¾ Treasury 2003-07 when lists close tomorrow. Even though the issue is very large at £1.5bn, only £15 per cent has to be subscribed with tenders.

In contrast to sterling, the dollar came under renewed pressure yesterday and widespread central bank intervention was reported from both sides of the Atlantic.

The news of a rise in U.S. interest rates led to a small late rally, however, and the *dollar* closed slightly *above* its worst levels.

The U.S. currency finished at DM 1.8115 against DM 1.8180 before the weekend, while its trade-weighted index, as calculated by the Bank of England, slipped by 0.4 points to 83.8 for a decline of over 3½ per cent since early June. The markets remain concerned about the direction of U.S. economic policy.

The dollar's weakness was reflected in the London bullion market where the price of gold per ounce jumped by $6 to a record high of $304¼.

Fed determined to raise money market rates

BY STEWART FLEMING IN NEW YORK

THE FEDERAL Reserve Board yesterday confirmed its determination to push up U.S. money market interest rates to support the dollar.

Its action, designed to reinforce the significance of last Friday's symbolic increase in the discount rate to a record 10 per cent, left money market *economists* still unsure where precisely the central bank is aiming to set its average weekly target interest rate for Federal funds.

Most economists are assuming that the target could be between 10½ per cent and 10¾ per cent.

There were also signs of *other rises in credit costs with* one large bank, the First National Bank of Chicago, raising its prime rate to 11¾ per cent. The prime rate generally in the U.S. is 11½ per cent.

With Federal funds trading at 10½ per cent early in the day, the Fed intervened in the market and added further reserves to the banking system.

The money markets interpreted this as an indication that the central bank thought the 10½ per cent level to be too high. Despite the bank's action, the fund's rate later moved up to 11 per cent and it was argued that the Fed was finding it difficult to bring the rate down to its target level.

One continuing source of concern is President Carter's choice of a successor to Mr. G. William Miller as chairman of the Federal Reserve Board.

One senior bank executive remarked that the confidence issue is still the central question hanging over the dollar and it *is not being helped by the lack* of news on a replacement for Mr. Miller.

Washington appears to be sensitive to the nervousness about the replacement for Mr. Miller and this morning Mr. Jody Powell, the President's Press Secretary, described the *nomination of a replacement as* a "top priority."

Accord reached on French steel job cuts

BY DAVID WHITE IN PARIS

THE INITIALLING today of an agreement on terms for workforce reductions in the French steel industry will make a truce in the six month battle between unions and management over steel plant closures.

Early retirement and other measures have been estimated by the Government to cater for 13,000 of the 21,000 employees due to be made redundant in the two-year plan.

The reorganisation plan followed last year's virtual government takeover of the main groups in France's heavy steel industry.

After violent protests in the steelmaking regions of northern France and Lorraine in the first few months of this year, unions have succeeded in persuading Usinor, the biggest producer, to delay capacity cuts. Usinor has also agreed on a joint venture linking some of its facilities with the Belgian Cockerill group.

But in other respects the steel companies have come out the apparent victors of the talks, with no essential change in the re-organisation plans they consider as vital for financial recovery. The number-two group, Sacilor, has maintained its original scheme to cut 8,500 jobs.

All the main unions are expected to participate in today's agreement, worked out over the last two months. This is in contrast to France's last steel pact two years ago, involving 16,000 jobs. At that time, only Force Ouvriere, the third most important union in the industry, agreed to sign.

The Communist-led CGT union has indicated, however, that it will reject clauses involving retraining of workers.

At Longwy, the Lorraine town which has been a focus of union militancy, members of the other left-wing union, the CFDT, have opposed the agreement. But the CFDT leadership is expected to sign.

The agreement, which applies to companies employing four-fifths of the industry's workforce, involves early retirement for some 4,500 steelworkers aged over 55. Between 7,000 and 8,000 workers aged between 50 and 55 will qualify for special voluntary departure terms.

The agreement is expected to give workers who retire early 79 per cent of their pay until the age of 55 and 70 per cent after that.

The pact also aims at retraining 3,000 to 4,000 workers either within the industry or outside, such as in the new motor industry plants being promised in the steel regions.

The unions' willingness to accept merely token concessions from their negotiating partners can be seen as a success for the Government's tactic of keeping the door open as regards compensation and closed as regards its plans for the industry.

The CGT at first refused to discuss compensation unless the steel plan itself was renegotiated.

But grass-roots support among a disillusioned workforce appears to have withered. In the two main steel centres affected by the plan, Longwy and the northern town of Denain, as many as 3,000 are believed to have opted for the Government's FFr 50,000 (£5,429) special offer for voluntary departure. In total, about 4,000 are reported to have applied to leave under this facility, far more than expected when it was announced in January.

Sweden puts its money on special steels

BY WILLIAM DULLFORCE IN STOCKHOLM

Steel rolls out of a Swedish mill.

SWEDEN'S STEEL strategy assumes that its mills will in future be able to compete on foreign markets only in products which call for technically advanced processing. The advantage of having its own iron ore has been wiped out by the high costs of mining and crude steel production. The project for the construction of a large, new state-owned steel plant in northern Sweden has been scrapped and for the past three years efforts have been concentrated on a thorough-going reorganisation of the industry.

This has led to the emergence of one dominant producer of ordinary steel, Svenska Staal (SSAB), half of which is owned by the state, and to a series of mergers, product and co-operation agreements in the private special steel sector. The number directly employed in making steel has fallen from 41,200 in 1975 to 33,400 in the second quarter of 1979.

Opinions about future prospects vary considerably within the industry. The present recovery in steel business has brought many companies back into profit. New workers may even be taken on in the second half of the year and the sharp rise in the order books of the special steel companies is seen as particularly encouraging.

But some leading steelmen point out that over-capacity for crude steel persists and that the restructuring has not bitten deep enough. They question whether the current improvement will generate enough profits to cover the investments companies still need to make in modernising their plants and revitalising their sales organisations.

The closing down of blast furnaces and the old open-heath furnaces (which use iron ore mixed with scrap) in favour of scrap-based electrode furnaces for higher quality steel is already leading to a competition for scrap, which puts the new giant SSAB into conflict with the remaining small mills making ordinary steels. The special steel companies have only one blast furnace left and there is a question mark over their future source of raw materials.

Sweden still has a crude steel capacity of around 7m tonnes a year. Last year production was 4.3m tonnes and the business revival is expected to raise output to some 4.8m tonnes this year. These figures compare with a crude steel production of 6m tonnes in 1974.

The trade figures are significant in assessing Swedish steel. Last year the country imported 1.7m tonnes of steel at a cost of Skr 8.5bn (£372m). It exported the same volume of steel products but they earned Skr 6bn.

The larger export income is on account of sales of alloy steels, in which the Swedes have specialised to a much greater extent than other European countries and in which they have a world-wide market. The intention is to preserve and even extend their special steel sales. But there is a growing challenge from the European and Japanese industries, which have been switching from the staple products now made more cheaply by the new steel-making nations into higher quality products.

This has already badly affected Swedish stainless steel production and provoked some tough negotiating among the special steel companies on mergers intended to concentrate their operations and raise productivity. The need for the Swedish industry to maintain its special steel exports also explains Sweden's commitment to free trade in steel and its eagerness to avoid conflict with European or American producers which might result in barriers being raised to its products in the EEC and U.S.

The Swedish non-Socialist government, which held office from the 1976 election until October last year, and the Liberal minority cabinet which replaced it, stimulated the reorganisation of the special steel industry with the offer of SKr 1.3bn in loans and credit guarantees. But both administrations rejected direct state participation. This refusal led to the collapse last year of a plan to merge the Uddeholm, Eagersta and SKF steel operations.

The announcement in June and July this year of two merger moves has, however, rounded off a substantial restructuring organised by the companies themselves. From this Uddeholm has emerged as the sole tool steel producer after acquiring the special steel business of both Stora Kopparberg and Bofors.

Uddeholm has also merged its stainless steel operations with those of Granges and formed a new company together with Sandvik, the cemented carbide manufacturer, for the production of strip steel. An exchange of shares has given the Kinnevik investment company, the largest shareholder in Sandvik, an interest in Fagersta. And Sandvik's former managing director has become chairman of both companies with the aim of co-ordinating their special steel operations.

These changes are too recent to have made any impact. But the feeling is that the concentration into large units and the abandoning of unprofitable products and plants have reinforced the special steel branch against foreign competition. Special importance is attached to the marketing organisations, an area in which the Swedes believe they are ahead of most competitors.

If attack is the watchword of the special steel companies, Sweden's ordinary steel-making is clearly committed to a defensive stance. Its market is limited to the Nordic countries, although efforts will be made to place some high quality products outside the area.

SSAB was formed last year from the merger of the state-owned NJA company with the steel-making subsidiaries of Stora Kopparberg and Granges. Together these three units had an annual crude steel capacity of 4m tonnes against an anticipated demand of only 2.6m tonnes in 1982.

A 10-year plan for SSAB was approved by the Riksdag (Parliament), allocating it SKr 2bn in share capital, SKr 1.8bn in reconstruction loans, on which repayment is conditional on a return to profit, and another SKr 1.3bn loan at 5 per cent, on which no interest is payable for the first three years, amortisation is postponed for five years and repayment thereafter is spread over 20 years.

Plans provide for the closing down of all ore-based crude steel production at the inland Domnarvet works, where instead SSAB's scrap-based production will be concentrated. Overall output at Domnarvet will fall from 1.7m tonnes to about 420,000 tonnes a year.

Ore-based steel making will be restricted to the two coastal plants where primary production will be largely unchanged over the next five years. The Luleaa works will concentrate on heavy-gauge rolled products and Oxelosund will become the centre for heavy industrial plate. This will involve investment in a new product mix at Oxelosund, which has previously concentrated on ship's plate.

Pintassilgo appointment criticised

By Jimmy Burns in Lisbon

PORTUGAL'S NEW Prime Minister, Dr. Maria de Lurdes Pintassilgo, began an uphill struggle to meet her self-proclaimed deadline of a week to form a government.

The controversy generated by her appointment reached a peak at the weekend with a strongly worded statement from Dr. Francisco Sa Carneiro, the Social Democrat Party (PSD) leader, accusing President Eanes of having surrendered to a "vague kind" of Third World socialism.

Dr. Pintassilgo, Portugal's first woman Prime Minister, has no official party links but is known for her progressive Roman Catholic views and her defence of Portugal's Socialist constitution.

Dr. Sa Carneiro, whose party recently formed an alliance with the Christian Democrats, also warned that the new Prime Minister might exceed her caretaker role and maniulate the autumn election in favour of the Left-wing parties.

Dr. Pintassilgo's task has been further complicated by the apparent refusal of the majority of the outgoing government to remain in office. This includes Dr. Jacinto Nunes, the widely respected Finance Minister. His departure will delay still further Portugal's interrupted negotiations with the International Monetary Fund.

In another weekend communique, the main trade union organisation, the General Workers Confederation (Intersindical), held out the prospect of relative peace on the industrial front during the crucial months ahead by stating that "workers want social calm during the election campaign."

Nevertheless, Intersindical made its "truce" conditional on a series of policy commitments which the caretaker Government will find difficult to meet. These include a speedy solution to outstanding labour disputs, abolition of increases in certain indirect taxes, and a halt to the handing back of collectivised land to private ownership.

Observers here, meanwhile, have begun to look on November 11 as the most likely election date.

Petrol shortages threaten Italian tourism

BY RUPERT CORNWELL IN ROME

SERIOUS SHORTAGES of diesel fuel, and increasingly of petrol as well, are now beginning to cause disruption in Italy, at the very moment when the annual motorised tourist invasion of the country is nearing its peak.

The difficulty is greatest for diesel powered cars and lorries. The majority of filling stations in wide areas of northern and central Italy are now displaying signs reading "Diesel sold out." The oil industry has warned that the situation could become worst still if nothing is done.

Traditionally the next three weekends see the heaviest holiday traffic of the year, and Sig. Michele Pandolfi, president of ENIT, the national tourist association, warned yesterday that a part of Italy's expected $7bn foreign currency income from tourists in 1979 could be at risk unless petrol and diesel were made fully available.

The main cause of the shortages in Italy is the comparatively low price, by European standards, of both diesel fuel and petrol. Despite an increase last month, the former at L215 per liter (53 pence per gallon) costs between 30 and 50 per cent less than in West Germany, France and Britain.

The price of petrol, L500 per litre or £1.25 per gallon, has not risen for almost three years. More important, the share of that price which goes to t[he] industry is lower than elsewhere in Europe, with the consequence that companies are divert[ing] supplies to markets more prof[it]able than Italy.

Sig. Franco Nicolazzi, the Industry Minister, has summoned a meeting of the Government's main price commission for Thursday to decide on new prices for petroleum products following the last round of OPEC increases.

The Government is committed to aligning industry prices with those elsewhere in Europe and observers generally predict that petrol will go up by L40 to L50 per litre, and diesel 15 lire.

Sig. Nicolazzi himself is still pressing for a cut in the Government's tax take per litre, to allow more for industry without pushing up the pump price for motorists. However the Treasury is likely to resist any move that would cut its revenues and add [t]o Italy's enormous public sector [de]ficit.

[M]eanwhile the Italian authorities have confirmed reports that the ... Union has offered to help ... [It]aly's future energy requirements ... supplying it from nuclear ... stations to be built in the ... But the Government appe... sceptical whether ... to be would be either ... an idea or industrially, feas... ...ically,

French visit strengthens ties with E

BY JONATHAN CARR IN BONN

THE FRENCH Foreign Minister, M. Jean Francois-Poncet, has arrived in East Berlin on a two-day visit to which the East German leadership clearly attaches special importance.

The immediate reason is that M. Francois-Poncet (son of the French ambassador to Nazi Germany in the 1930s) is the first Foreign Minister from the three wartime Western allied powers officially to visit East Germany.

The French are keen to stress that the visit is to "Berlin"—not to "East Berlin"—and that it implies no change of attitude to the divided city's special four-power status.

Indeed, the French delayed the trip for several weeks after the East Germans last month decided on a change in electoral law which the West feels violted the Berlin accord. The West insists that the four powers retain responsibility for all Berlin and that this cannot be altered by unilateral action.

However, the East Germans clearly see the trip both as a further consolidation of their position as an independent, sovereign state with its capital in East Berlin, as well as a big step forward in relations with France, with which diplomatic ties were established in 1973.

Herr Erich Honecker, the East German President and Socialist Unity (Communist) Party Leader, has broken his holiday in Poland to return for the talks with M. Francois-Poncet. Other discussion partners include Prime Minister Willi Stoph and Herr Oskar Fischer, the Foreign Minister.

Economic questions are bound to loom large. Both sides are anxious to develop their bilateral trade, and the French are particularly eager to follow up their recent success in gaining a FFr 1.5bn (£157m) order to build a fertiliser factory in Rostock with a ... to help modernise East German commercial vehicle production.

This intensification of East German-French trade ties might be interpreted as threatening West Germany's own economic prospects with its eastern neighbour. But, in fact, there is every sign that the Bonn Government welcomes M. Francois-Poncet's visit.

It is felt here that the more East Germany can develop its relations with Bonn's allies, the more relations between the two German states (currently going through another trough) are likely to improve.

Trial puts Ecevit government in quandary

ADANA — Inside a sun-baked stadium in this cotton-producing centre, 807 men and women are facing charges in a trial which puts the government of Mr. Bulent Ecevit in a moral and political quandary.

The defendants include police officers, a Moslem priest, a prosecutor, teachers and students. They are accused of taking part in a week-long rampage of sectarian killing, raping and looting which left 111 people dead and several thousands injured, which turned much of the south-eastern town of Kahramanmaras into smoking rubble; and which led to the declaration of martial law in Turkey's most troubled provinces.

A six-month investigation by six military prosecutors has led to them asking for 330 death sentences—yet Mr. Ecevit does not favour the death penalty. Also, the indictment focuses attention on the Nationalist Action Party, which the Prime Minister is reluctant to see banned, preferring it to work above ground.

Mr. Hassan Balcioglu, district chief of NAP, is facing the death penalty. The indictment accuses members of the NAP of masterminding the riots, in particular those involved in its Idealist Youth Club branches, the activist wing of the party.

The prosecution alleges that extreme right-wing militants planted the bomb which triggered the riots last December, shouting: "The Communists did it," and seeking to provoke the larger and conservative Sunni sect against usually Left-leaning Alevi Moslems—the local equivalent of the Shiites.

The defendants live in a military detention centre and are brought in 12 military vehicles to a small basketball and volleyball arena where they await the court session in chains. Many have denied the charges or claimed their testimony was obtained under torture or duress. The trial started last month and a verdict is expected before the end of the year.

Agencies

Arsonists take toll of Spain's forests

By David Gardner in Madrid

A SPANISH legend recalls that it was once possible for a squirrel to journey from Santillana in the north to Tarifa on Spain's southern tip, hopping from tree to tree without once touching the ground.

Even now, about a quarter of Spain is covered with forest. But if more forest fires occur of the magnitude seen last week in Valencia, the legend will become a dim and irritating memory.

The Valencian fire, believed to be the worst in recent Spanish history, was brought under control yesterday after a five-day battle fought by some 3,000 people. It devastated over 160 square miles of prime woodland in the south of the province, at one stage spreading into the neighbouring provinces of Alicante and Albacete.

The worst areas affected were around the towns of Ayora and Enguera, whose livelihood comes almost entirely from the pine forests.

Total ruin

Sr. Manuel Piquetas, a local mayor, says the fire means the "total ruin of Ayora." Ministry of Agriculture officials believe that the process of reafforestation will take at least 50 years.

The fire, sparked last Thursday by lightning, spread rapidly, thanks to a recent drought. By the weekend, it had extended along a front 25 miles wide.

Roads were turned into tunnels of fire, while flames were jumping 30-yard firebreaks, fanned by freak Mediteranean winds. The damage has yet to be calculated.

Last year, some 1,600 square miles of Spain's woodland and forest reserves were destroyed by fire, at a cost of £60m. This was double the previous record of 1975—when an unusually hot summer accounted for many fires—but six times the damage caused in 1977.

The difference, according to figures supplied by the Ministry of Agriculture, is that at least 45 per cent of last year's fires were started intentionally, against only 16 per cent that were the result of proven negligence.

Indeed, the Civil Governor of Valencia is investigating the possibility of arson in the extension of the recent fire into Alicante.

Among the worst hit areas last year were the coastal regions of Catalonia, Valencia and the Balearic Islands. Translate that into a language more familiar to tourists—the Costa Brava, Costa Dorada, Costa de Azahar, Mallorca and Menorca—and possible reasons for arson begin to emerge.

Since a great deal of the destroyed timber is publicly owned, it is fair to assume that property and land speculation takes precedence over insurance fraud as the main source of employment for the fire raisers.

A similar pattern was observable when this year's fire-risk season began in May. The worst single fire, near Zaragoza, started at the same time from three equidistant points. The area affected would provide an attractive site for industrial development, and the local Civil Guard is still working on the assumption of arson.

Land sales

Mallorca was hit by three fires in the same period, at Soller, Manacor, and Palma. The Palma fire cleared about 20 ... of forest alongside a ... residential area. Few ... brought ... have been cases that ... trial, but those concerning fir... —mostly con... Brava—confir... the Costa motive has been ... the force the sale of ... and side promising ... property development.

In many cases, the amount of time needed for burnt woodland to recover makes selling the only way for the owner to recover his money.

Figures for the first six months of this year show that the professional arsonists are not letting up. Just over a third of more than 2,000 forest fires are said to have been set off deliberately.

Some 200 square miles of plantation have been affected, although increased resources devoted to forest fire fighting by the authorities have limited the destruction to around 50 square miles.

However, as both the Agriculture Ministry and the police are aware, the forest-fire season has yet to get into full swing and this year, with a hot summer and scarce rainfall ahead, the fire-raisers will be working in favourable conditions.

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COMMODITY PRICES BOOM

Austerity turns to prosperity in Indonesia

BY DAVID HOUSEGO, ASIA CORRESPONDENT, RECENTLY IN JAKARTA

INDONESIA, which had been girding itself for a long period of austerity, is now faced with the unexpected but more pleasing difficulties of a mini-boom.

The Government's new five-year plan (Repelita III) which runs from April 1979, was based on the assumption that oil revenues would scarcely grow in real terms because of declining production and sharply rising domestic consumption. As oil accounts for 55 per cent of the Government's budget there was little hope of any real rise in development expenditures.

Following the recent OPEC price increases, however, Indonesian net oil earnings for 1979-80 are likely to climb sharply to $6-6.5bn. This compares with $4.2bn in 1978-79 which was marginally down on the previous year, and with anticipated earnings for the current fiscal year when the budget was being prepared of $4.9bn. Part of the increase is the result of increased receipts from sales of LNG (liquefied natural gas).

At the same time booming prices for timber, rubber, coffee and tin mean that Indonesia's non-oil exports are likely to be at least $5bn or 25 per cent higher than had been expected.

Thus in sharp reversal to the fears last October of a mounting trade deficit, Indonesia is likely to end the financial year with one of the healthiest trade surpluses in eastern Asia. The Government also stands to gain from a handsome net addition to its budget revenues, according to financial experts, of $800m even after paying out increased subsidies for fuel.

Officials are embarrassed by the sudden turnabout, Mr. Ali Wardhana, the Finance Minister, minimises the increase in foreign exchange earnings and says the budget only stands to gain by $250m-$500m.

In part this official caution reflects a genuine disbelief in the country's good luck and the fear that what the gods have provided so easily through increased commodity prices could be as easily plucked away in a new world recession.

It also reflects apprehension that unrealistic expectations of the unexpected access of wealth could prompt another spending spree by the state oil concern Pertamina or by other government agencies.

But what worries officials most is that the mini-boom could creat inflationary pressures that would undermine the strategy behind the large 33.6 per cent devaluation of the Rupiah last November. The measure—bitterly opposed at the time by the armed forces and the business community—was an attempt to diminish the country's dependence on oil and initiate a fundamental restructuring of the economy through a change in relative costs in favour of the non-oil export sector and of domestic industry manufacturing products with a high local content. Their competitiveness had been seriously eroded by the overvalued rupiah.

Since the devaluation, the Government's main economic priority has been to contain the increase in prices resulting from such a measure by tight monetary controls.

Inflation is running at about 30 per cent on an annual basis. Monetary expansion has been kept well below that level with the result that real liquidity in the economy is less than a year ago. But what amounts to a policy of deflation through reducing purchasing power and which risks throwing people out of jobs becomes increasingly difficult to pursue against the tide of rising oil and commodity prices.

The governor of Bank Indonesia, Mr. Rachmat Saleh, says that pace of price increases is already levelling off as the devaluation works its way through the economy. If this pattern is maintained, then he sees room for further monetary expansion in the months ahead. Industrialists are pressing hard for an easing of credit restric[tions]. Renewed pressure on ... is almost certain to come ... because ... a result of higher Indo[nesian in]flation rates and reserves ... build up in ... exchange ... The reserve ... since December ... to $3.2bn by the ... Some western ... Jakarta believe that ... in ...ciation of the rupiah, whose parity is now determined through a managed float, is firmly on the cards to shield the economy from external inflation.

Mr. Saleh officially rules out any significant shift in the exchange rate. But he says that a lowering of import tariffs and other import charges is possible to offset higher international prices.

The Government has yet to decide how to spend its additional revenues. Though the

The increase in oil prices, as well as soaring prices for timber, rubber, coffee and tin, have brought a mini-boom for Indonesia but have failed to still popular discontent with the regime of President Suharto (above).

Finance Minister may minimise these, the country's now unexpectedly high foreign exchange receipts are causing the U.S. to consider cutbacks in its aid programme.

Pertamina is pressing for priority to be given to a $750m expansion for the Dumai Refinery. It would also like to see a new $1bn petrochemical complex developed on Sumatra. Though expenditure on such highly capital intensive projects would be non-inflationary, the economic ministers remain sceptical of Pertamina's ambitious schemes as having already pre-empted too large a share of scarce national resources.

In the belief that the pick-up in oil revenues has not altered the basic realities of declining oil production and that Indonesia is a country increasingly unable to feed itself and with up to 10m people unemployed or underemployed, they would like to see additional expenditure devoted to improving rural infrastructure and creating more jobs.

In the past, however, they have been unduly cautious in providing any stimulus to the economy through higher levels of public investment if these risk increasing inflation.

In the meantime, Bank Indonesia is making use of the additional funds to prepay high interest short-term debt and to refinance some of its costlier medium term borrowing. Outstanding debt at the end of 1978 was $13bn.

Its new 10 year $425m refinancing loan has been arranged through a consortium including Morgan Guaranty at ¾ per cent above Libor or on terms more favourable than any previous Indonesian borrowing.

Whatever the outcome of the tussle over future expenditure, the shift in Indonesia's fortunes has not as yet diminished popular grumbling at President Suharto's regime. Continuing labour unrest around Jakarta is directed at rising prices. Moslem and student groups nurse their grievances over corruption, the suppression of dissent and what they see as the domination of the economy by Chinese businessmen and foreigners.

But working in Indonesia's favour is that while its own labour costs have been falling in dollar terms, those of its neighbours in South-East Asia have been rising. Local industry has also been spared the additional burden of higher fuel costs.

'Lule strike ... Kampala

BY JOHN WORRALL IN NAIROBI

A STRIKE organised by supporters of Prof. Yusufu Lule, the ousted Uganda President, was called in Kampala yesterday. But it was partly stalled by the Government, which banned all demonstrations and sent Tanzanian and Ugandan security forces into the streets.

Most shops opened in the city, but markets were empty and many stayed away from work. In some areas, pro-Lule leaflets were distributed and "Lul[e] ..." by ... were shouts of ... Nairobi ... troops stood ... The Inte[rior Mini]stry said som[e] ... to be leaders ... Ministrations had ... gated and released ... "Demonstrations ... planned by anti-Gove[rnment] elements," the Ministry ... It claimed to have informa[tion] of "plans to disrupt norm[al] life and bring about a sen[se] of insecurity."

هكذا من الأصل

Desai is asked to prove he has majority support

BY K. K. SHARMA IN NEW DELHI

MR. N. SANJIVA REDDY, President of India, yesterday asked Mr. Morarji Desai and Mr. Charan Singh, the two remaining contenders for the Prime Ministership, for proof of their claims of majority support in Parliament, and as a result, started frantic efforts by the two to enlist supporters.

Mr. Desai met the President to tell him he is now the undisputed leader of the Janata Party—even though it has now disintegrated—while Mr. Charan Singh put his pride on one side and met Mrs. Indira Gandhi to seek her support.

Their final replies are expected to reach the President by tomorrow. He will then decide whom to call first. He has stipulated that the person asked to form the Government should immediately call Parliament into session, formally to test his strength.

Mr. Charan Singh seemed to be strengthened when Mr. Y. B. Chavan, who reported to the President that he had failed to form a viable Government, wrote to him that his Congress Party formally accepts Mr. Charan Singh as leader of the alliance with the New Janata(S) led by him.

If he can get a similar assurance from Mrs. Gandhi, who leads the Congress (I), Mr. Charan Singh will be able to muster the necessary support.

But Mrs. Gandhi, who has indicated she will support Mr. Charan Singh provided he follows anti-communal policies, is expected to exact promises on her own future and to give him conditional support.

Mr. Desai emerged as Mr. Charan Singh's main rival with the decision of Mr. Jagjivan Ram to drop out from the race for leadership of the Janata Parliamentary Party, thereby giving Mr. Desai the chance to succeed himself as Prime Minister.

A week after Mr. Desai resigned as Prime Minister, the political crisis appears to be in its final stages.

Zia puts new polls plan

BY SIMON HENDERSON IN ISLAMABAD

GEN. ZIA-UL-HAQ, President of Pakistan, has proposed that proportional representation be used in the country's November elections, the first to be held since he took over from the late Zulfikar Ali Bhutto in a coup in June 1977.

The proposal, described as real democracy, is bound to provoke an active debate among Pakistan's politicans, especially as it is likely to be seen as a move to delay the elections or to alter the balance of power between the President and the Prime Minister.

The main political parties have said that elections must take place. The former anti-Bhutto opposition have said they will launch a movement against the military if the polls are not held.

Mr. Bhutto's own Pakistan People's Party, which blames Gen. Zia for what it calls the "judicial murder" of Mr. Bhutto, also is anxious the elections should take place, and many expect this party to win.

The proposal for proportional representation calls for half the seats in the National Assembly to be filled by the old first-past-the-post constituencies, with the remainder filled by party lists.

Gen. Zia has yet to publish details of another proposal that a strengthened President could call on the army to take over if the Prime Minister misused his powers.

In a long letter setting out the arguments for the various forms of proportional representation, Gen. Zia asked for the comments of the political leaders to be sent to him by August 14.

A former Chief Justice of the Supreme Court has been examining the possibility of a constitutional amendment on the army's role.

A local newspaper yesterday reported that Gen. Zia did not intend to transfer power until March 1980, allowing time for local elections to be held.

Gen. Zia considers these polls important because they encourage grass-roots democracy away from the normal party system.

Tibetan dissidents back in jail

By Our Foreign Staff

TIBETAN DISSIDENTS—some of them only recently released from prison—have been re-arrested by Chinese authorities determined to prevent resurgent demands for Tibetan autonomy.

Mr. Raidi, vice-chairman of the Tibetan Autonomous Region (and an ethnic Tibetan himself) has told visiting Western journalists that all dissidents had been released following a bloody uprising against Chinese rule in 1959, but that up to 10 were now back in prison after continued attempts to "commit counter-revolutionary acts."

Mr. Raidi admitted that campaigners for Tibetan independence had recently disrupted production in the region. There have been reports of recent disturbances in South-Western Tibet in support of the Dalai Lama, Tibet's spiritual leader.

This dissident activity does not constitute any real threat to Chinese rule, however. The Peking Government has in the past 20 years consolidated its control of the area by repopulating it with large numbers of ethnic "Han," China's racially dominant group. The People's Liberation Army (PLA) is present in force, and there are reports that most higher education in Tibet is conducted in the Han language—standard Chinese.

Over 10,000 Tibetans rebelled against Chinese rule in 1959, but it took only two days for the Chinese army to crush the uprising. The Dalai Lama then fled to India, where he has remained ever since.

The regional authorities in Tibet have repeatedly invited the Dalai Lama to return to China—so long as he does not press for a role in government. Tibetan nationals in power are ardently pro-Peking.

Bedouin attack Israel land Bill

BY DAVID LENNON IN TEL AVIV

THE BEDOUIN Arabs who live in Israel's Negev Desert have threatened to fight "and spill blood, if necessary," to ensure adequate compensation for their villages and grazing lands which will be expropriated to make way for a new military air base.

The Government on Sunday passed a Bill permitting the expropriation of 37,500 acres of land without allowing the Bedouin recourse to legal appeal.

The Knesset has been asked to approve the Bill within one week so that it can come into effect before Parliament rises at the end of this month.

The 8,000 Beduoin who will be affected by the expropriation of half of the area have denounced the Bill as offering them compensation more like "highway robbery" and of robbing them of their legal right to appeal to the courts.

The Government is offering the displaced Arabs one acre for every 10 expropriated and is also offering them small sums for the semi-permanent shacks which the former nomads have set up in the Negev.

The new air base is one of two which are to be built within the next three years to replace those being abandoned in the Sinai under the peace agreement with Egypt. Work is due to start on the new bases soon.

The Bedouin claim that the new law will turn them into refugees. But Israeli officials deny this, insisting that they are offering to relocate the Arabs in new townships.

The argument has been taken up within Israel, with many Israel sociologists and intellectuals protesting that the Bedouin are indeed being treated in a high-handed way.

The Bedouin have asked the Government to negotiate with them, as it is doing with the Jewish settlers in Sinai, who will be displaced when the territory is handed back to Egypt. The settlers are demanding between I£2m and I£4m for each family in compensation.

The Bedouin serve in the Israeli Army and sociologists fear that pushing them out of their lands without fair compensation and due recourse to law will create animosity towards the State, something that was notably absent among them in the past three decades.

The Bedouin were angered by a Government decision three months ago to send bulldozers on to their land and to knock down their houses before compensation had even been discussed. They say the new law will merely legalise such action while giving them inadequate recompense.

The Bedouin leaders say they will fight this law just as Jewish settlers fought against the loss of land they were farming in Sinai.

Call for new 'Marshall Plan'

BY REGINALD DALE

COMMONWEALTH Governments should consider the feasibility of a major transfer of resources to developing countries on the lines of the post-war Marshall Plan for the reconstruction of Western Europe.

This is the main conclusion of a confidential background paper on the world economic situation and international co-operation prepared by the Commonwealth Secretariat in London for next week's Heads of Government meeting in Lusaka. The idea bears the strong imprint of Mr. Sonny Ramphal, the Commonwealth Secretary General.

The paper does not go into detail as to how the new scheme would work—other than to say it should be based on the "spirit and techniques" of the Marshall Plan. The paper's main point is to suggest that the time is now ripe for "a serious search for international economic policies which would attack the urgent problems of world poverty and of recession simultaneously."

Recent world economic, monetary and energy developments have been particularly unsatisfactory for the developing countries, the paper points out. Non-oil developing countries are likely to face very large current account deficits.

External financing problems, particularly for low income countries, have been intensified. They have been deeply affected by the declining trend in official development aid as a proportion of GNP provided by developed countries and for most of them accommodation is not possible in private capital markets.

The payments problems facing developing countries cannot be dealt with by limited and short-term balance of payments support, the paper maintains.

While private capital markets have a significant role in channelling financial resources from surplus to deficit countries, the role of official agencies, particularly the IMF, is especially important in this context.

Twenty die in air raid on Lebanon

By Ihsan Hijazi in Beirut

THE DEATH toll following Israeli air strikes against targets in Southern Lebanon on Sunday has risen to 20 as more bodies were removed from the debris yesterday. About 60 people were injured, some of them seriously.

Among the dead were three Palestinian guerrillas who were killed during the attack against Damour, a village located a few miles south of Beirut and which has a Palestinian population.

Eyewitnesses said the raid was mainly aimed at a camp belonging to the hardline Palestine Liberation Front, which was responsible for an attack against the Israeli seaside resort of Nahariya in April in which four Israelis were killed.

The attack prompted the Government of Prime Minister Menahem Begin to initiate a new policy—waging a relentless war against the guerrillas and hitting them before they have the chance to hit Israel.

Lebanese Government sources said most of the victims in the Sunday raids were civilians picnicking on the coast about nine miles north of the port of Tyre. The village of Sarafand was worst hit.

Prime Minister Dr. Selim Al Hoss called it an "ugly crime" and appealed to the world to help deter Israeli aggression. Dr. Hoss met yesterday with President Elias Sarkis, after which it was decided to submit a complaint to the United Nations Security Council.

A military spokesman said in Damascus on Sunday night that Syrian MiGs intercepted the Israeli jets but there were no reports of air battles.

Australia's industrial unrest worsens

BY OUR SYDNEY CORRESPONDENT

A TWO month long spate of strikes disrupting Australia's manufacturing, mining and service industries, is threatening to escalate into an unprecedented industrial confrontation between the national government and the quarter of a million federal public servants. Strikes are a common local occurrence here but the intensity, inconvenience and bitterness caused by the recent disputes, and the widespread feeling that there is no end in sight, is producing a pervasive sense of unease.

Mass meetings of members of public service unions yesterday decided to continue imposing selective work bans covering ministerial correspondence, the collection of certain statistics, and other services. The Public Service Board, the recruitment and administrative head of the federal bureaucracy, has reported that the bans are disrupting the flow of policy advice to ministers, including submissions for the budget, which will be delivered in less than four weeks.

The bans are a protest against two recent pieces of legislation which allow the government to stand down and sack public servants involved in or affected by industrial disputes, and to force the early retirement of government employees.

The Prime Minister, Mr. Fraser said the strikes are "tearing the country apart" while the President of the Australian Council of Trade Unions, Mr. Bob Hawke, claimed the legislation is as repressive as measures employed against workers in totalitarian countries.

There is no sign of either side backing down. In the last week Mr. Fraser has adopted a tougher position. During that period settlements occurred in two of the most disruptive disputes affecting the telephone and postal services, but not before Mr. Fraser threatened to close down Australia's largest mail sorting exchange and sack its striking 3,000 employees.

Employer-union relations are increasingly bitter, and the traditionally wary relationship between unions and a conservative government has deteriorated into open antagonism.

The focus is currently on public sector unions, but unresolved disputes exist in the building, mining, transport, power and metal industries. In the Pilbara, the rich iron ore region about 1,000 miles north of Perth in Western Australia, about 2,000 mine workers have been on strike for two months in support of a 40 per cent wage claim. Iron ore companies estimate that more than £30m has been lost in production, and 15 bulk carriers are now lying idle off Dampier, the iron ore port.

Mr. Fraser has supported moves by the West Australian Government to seek the deregistration of the unions involved in the Pilbara—a move which prevents them from using Australia's quasi-judicial industrial arbitration process. He has called for the creation of one single union to cover the area—a proposal which will be bitterly resisted by the union movement.

Ethiopian force 'smashed'

BY OUR FOREIGN STAFF

RUSSIAN-BACKED Ethiopian Government forces have suffered one of their worst defeats in the 18-year counter-insurgency war in Eritrea, the Eritrean Popular Liberation Front (EPLF) has claimed.

The EPLF claimed to have liquidated a 6,000-man force of three Ethiopian brigades in a surprise attack at Agat in the Sahel mountains.

With this victory, EPLF says it has effectively destroyed one of three Ethiopian frontal assaults now in progress against their mountain base area in the north-eastern corner of this strategic Red Sea territory.

EPLF leaders also say they have captured 1,500 light weapons, and large quantities of ammunition and equipment.

They said the battle took place in a narrow valley. The Ethiopian force was attempting to drive through it on a road previously constructed by EPLF from the coast towards the guerrilla-held town of Nakfa where a key battle of the current Ethiopian offensive is now underway.

Sporadic fighting has been reported at Nakfa, supported by continuous bombardment by MiG jets, artillery and long-range ground-to-ground rockets.

EPLF also reported that a series of six assaults had been turned back on a 25-mile front, with another attempted advance broken yesterday when 300 Ethiopian troops were killed.

Eritrean leaders are confidently forecasting victory against Ethiopian forces, after eight months of steady retreats from positions in the Central Highlands.

"Their infantry movement has been completely paralysed by now. What remains is the tanks, the artillery and the planes," Tekelai Eden, an EPLF central committee member, said.

S. Africa sunflower power

BY JOHN STEWART IN CAPE TOWN

RESEARCHERS IN South Africa's Division of Agricultural Engineering have completed tests showing that the oil of sunflower seeds can be used as a gas-oil substitute for farm tractors, Mr. Hendrik Schoeman, Agriculture Minister, announced in Pretoria yesterday.

He did not elaborate, but said the development "could make the South African agricultural industry self-sufficient in respect of tractor fuels."

One of the tractors used in tests had just completed a shift of 100 hours at full operating capacity. A number of manufacturers' diesel tractors were undergoing tests, Mr. Schoeman added.

Tractor engines required no modification to take sunflower oil, and only minor changes would need to be made to other automotive diesel engines.

Maize farmers, Mr. Schoeman said, could set aside 10 per cent of land normally used for maize production to produce the raw material for their fuel requirements.

Officials of the Division of Agricultural Engineering said consumption of sunflower oil in a tractor was similar to that of gas oil and the cost per hour worked was nearly the same.

South Africa's agricultural sector is the largest single consumer of gas oil. In a national fuel-saving campaign the farm sector has promised the Government to reduce consumption 20 per cent.

COMPANY NOTICES

AMERICAN NEWS

David Lascelles reports on a vast energy project beset with equally large problems

The battle for Alaskan natural gas

AFTER ALASKAN oil, Alaskan gas. One of the priorities listed by President Jimmy Carter in his recent energy speech was construction of a pipeline to transport Alaskan gas to the rest of the U.S. He said emphatically. "I will insist personally that this gas pipeline be built without further delay."

With a length of 4,800 miles, a lot of it in Canada, and price tag of $14bn, the project ranks among the largest ever devised by man. But like the Alaskan oil pipeline, its sponsors are having to do battle with regulatory delays, soaring costs, and widespread scepticism whether anything this size can be built at all.

The pipeline was first mooted back in the 1960s, when the vast Prudhoe Bay oil and gas deposits were discovered. But it was not until 1977, after several alternative routes had been considered, that the U.S. and Canada approved a plan put forward by the Northwest Alaskan Pipeline Company, a partnership of six natural gas companies.

The pipeline would start at Prudhoe Bany and run south across Alaska beside the existing oil pipeline, breaking off 300 miles north of Valdez and heading south-east across Canada to Southern Alberta alongside the Alaska Highway. Here it would join up with a couple of existing pipelines and divide for its journey south into the U.S., with one spur heading south-west to San Francisco, the other south-east to Chicago. Later on, the line might be linked to Canadian gas deposits in the Mackenzie Delta.

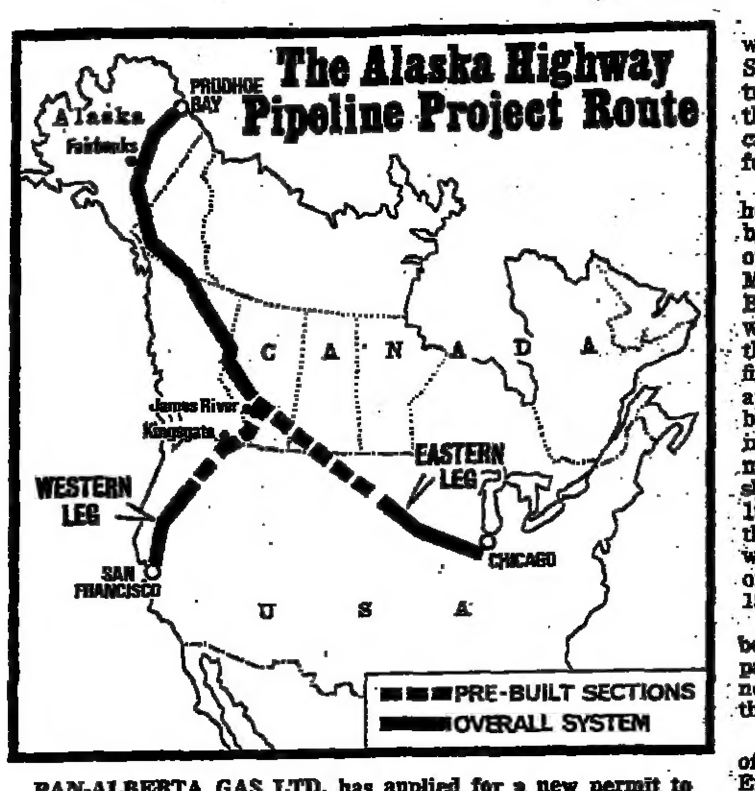
The purpose of the pipeline is to bring Prudhoe Bay's estimated 26 trillion cu ft of natural gas to the U.S. market. With a capacity of 3.2bn cu ft a day, this would displace about 8 per cent of U.S. current oil imports, or nearly 750,000 barrels of oil a day.

But though the project got the top level approval of both the Canadian and U.S. Governments in 1977, not an inch of it has yet been laid, mainly because of delays in Washington which have, in turn, held up financing. (The Canadians are further ahead and nearly ready to move. The steel industry there has also geared up to supply most of the pipe for the Canadian section.) The original completion date of 1983 has already slipped to the winter of 1984-85.

Still to be settled is the rate of return. The U.S. Federal Energy Regulatory Commission (FERC) recently proposed a sliding scale designed to keep the cost of building the pipeline down. The lower the final cost, the higher the rate of return would be, ranging from 8 to 22 per cent. But the scheme's backers said this was too vague and asked for a narrower range, between 13-17 per cent.

The FERC is expected to rule on this by August 8, along with the tariffs the pipeline operators will be allowed to charge. Once these points are resolved, the pipeline company will start the hunt for finance.

From the start, the partnership has said it can build the pipeline without Federal money. It still stands by that claim, even though the cost of the project has gone up from $10bn to $14bn. The State of Alaska has, however, indicated it may contribute $1bn by means of tax-exempt bonds, which are cheaper than commercial loans.



PAN-ALBERTA GAS LTD. has applied for a new permit to export additional gas to the U.S., Reuter reports from Calgary. The company said the permit, if approved, would be for the export of 4.3 trillion cubic feet of natural gas, in addition to the company permit for 3.37 trillion cubic feet which was approved last month.

And though the oil companies, which own the gas at the North Slope are precluded by anti-trust laws from participating in the pipeline, they may also be called upon to advance funds for its construction.

Part of the economics has, however, already been laid down by last year's Natural Gas Act—one of the few outcomes of Mr. Carter's ill-fated Energy Bill. This provides for a wellhead price of $1.45 per thousand cubic feet. But this figure was based on 1977 dollars, and has since been increased by a complex formula taking into account inflation and other margins to about $1.80. It should reach about $2.50-$3 by 1984-85. The delivered cost of the gas, the partnership says, would be $4.30 in 1979 dollars, or about $6.50 in anticipated 1984-85 dollars.

However, these figures are all being treated with some reserve, particularly in the light of the near-disastrous cost overruns on the Alaskan oil pipeline.

Among the strongest backers of the gas pipeline is outgoing Energy Secretary Dr. James Schlesinger, who has argued for it on two grounds. First, natural gas can play a big role in the U.S. energy balance: second, Alaskan reserves are so large that the cost of the pipeline would be spread over a long period.

However, his views have been treated with scepticism by some energy experts, who argue that there is a limit to the role natural gas can play, and that supplies from domestic fields and closer Mexican and Canadian ones should be drawn on first. Other have objected to the project on environmental grounds and because of its sheer size.

Nevertheless, the new energy crisis has weakened many of these objections. And there is now an added urgency, given the limits that Mr. Carter has imposed on oil imports.

Although none of the $140bn in the energy package is earmarked for the pipeline, its backers are looking eagerly to the Mobilisation Board for help. This was the twin organisation to the Energy Corporation established by Mr. Carter last week, and its job will be to cut through bureaucratic and other regulatory red tape to get vital national energy projects moving.

Mr. John Macmillian, chairman of the Northwest Energy Company, the consortium leader, says: "We can bring the largest source of energy to the country in the shortest time frame." Responding to criticism that his consortium, consisting as it does of six medium size and relatively unknown companies, lacks the muscle to embark on a project of these dimensions, he says that there may shortly be an increase in membership.

Mr. Carter's recent endorsement is possibly the strongest boost for the project yet, and the consortium is, needless to say, delighted. However, it remains to be seen whether it can shake off the deep-rooted mistrust of giant projects of this kind which the Alaska oil pipeline seeded and nurtured.

CAB veto on airline merger

By John Wyles in New York

A PROPOSED merger between Continental Air Lines and Western Air Lines which would have created the fifth largest U.S. carrier has been unexpectedly vetoed by the Civil Aeronautics Board.

The board has again proved ready to disagree with one of its own administrative law judges, who recommended approval for the merger in early April. Earlier this month the CAB gave the go-ahead for both Pan American World Airways and Texas International Airlines (TXIA) to press ahead with efforts to take over National Airlines, despite a recommendation to the contrary from a CAB judge.

Quite apart from its impact on the two airlines, the Continental-Western decision is important because it adds fresh perspective to the board's thinking on airline mergers in the more competitive world brought about by U.S. airline deregulation.

The Pan Am/TXIA rulings pointed to a readiness to accept some diminution of competition as a result of mergers, even if the Department of Justice, which administers U.S. anti-trust laws was opposed to the merger.

The latest decision indicates that the board is unwilling to accept a lessening of competition if it cannot see a reasonable possibility of fresh competition entering markets in which the merged airline would be an important factor.

Thus, Continental and Western have run into a veto because of their dominance of a number of major routes between western states, where United Airlines is the only other important competitor.

The board took the view that there were not enough indications that other airlines would boost competition by entering these routes after a merger.

Brown appeal to hawks' military self-interest

BY DAVID BUCHAN IN WASHINGTON

MR. HAROLD BROWN, the U.S. Defence Secretary, yesterday warned the Senate Armed Services Committee that defeat of the SALT II treaty, leading to a renewed nuclear arms build-up by the two superpowers, would leave less money for American conventional forces.

Conversely, he said, passage of the treaty through the Senate "will let us devote more resources to other improvements we must make in our defence posture in the years ahead." Thus, Mr. Brown sought to appeal to the military self-interest of the generally hawkish Armed Services Committee, which this week began its separate hearings on the treaty signed by the U.S. and the Soviet Union last month.

The Senate Foreign Relations Committee, which has the prime jurisdiction over the treaty, is also to continue its protracted hearings this week and again in September, after the August recess. Only when these are completed, and the various committees have drafted and approved any treaty amendments, will the outlook for the treaty's ratification by two-thirds of the Senate become clearer.

But opening Senatorial statements yesterday indicated that the views of the Armed Services Committee may already be stacked against the treaty, unless it it heavily amended. The Soviet leadership has warned that it will not accept substantial amendments that would entail renegotiating the nuclear pact.

The continuing political fall-out of such warnings was clear yesterday, when Senator Barry Goldwater claimed that his constituents "get mad when the Foreign Minister of the Soviet Union tries to tell the U.S. Senate how to vote."

Senator John Stennis, the committee chairman and a veteran Mississippi Democrat, no less conservative than Republican Senator Goldwater, opened the hearings on a non-partisan note, but declared: "I do not trust the Russians and require full proof that we can adequately detect any cheating on their part."

Committee republicans, like Senator John Tower, who yesterday called SALT II "an illusory promise of peace," seem pretty firm against the treaty, as presently written. The key action is liked yo be played out on the Democrat side.

There, two senators, John Culver and Gary Hart, are strong supporters of the treaty, but it is from Senator Henry Jackson, another Democrat, that the Administration is likely to come under the sharpest questioning.

Though it was Senator Jackson who in 1972 succeeded in getting Congress to require the U.S. to negotiate equal numerical ceilings on arms for both superpowers in a SALT II agreement, he is apparently dissatisfied with other loopholes in the present treaty.

Senator Sam Nunn, a quiet Georgian with a considerable reputation in military affairs, is also an Armed Services Committee member, whose eventual verdict on SALT II will sway many middle of the road senators, less initiated into nuclear arcana.

By the Constitution, the House of Representatives has no role in ratifying treaties. But certain militarily knowledgeable House members have sought to influence the Senate outcome from the sidelines.

One is representative Les Aspin, who once served in the Pentagon. Over the weekend, he issued his own study, concluding that if SALT is defeated, the U.S. would have to spend around $21bn more on nuclear weapons to match the Russians.

Mr. Aspin's report was largely aimed at persuading liberals like himself in the Senate that the new treaty will in fact enable the U.S. to save money on defence.

Oil leakage from tankers under control

BON ACCORD, TOBAGO—The immediate threat of pollution to Tobago's beaches from the collision of the supertankers Atlantic Empress and Aegean Captain at the week-end appeared to be over yesterday.

Currents and winds broke up the oil slick and carried it away from the island. The leakage from the Aegean Captain was reported to be under control, and the other 1,000-ft ship was towed out into the Atlantic, prior to transferring the crude oil still aboard to other tankers.

The $45m Greek-owned Atlantic Empress was reported to be a total loss. Twenty-seven of the two ships' 75 Greek crew members were missing, feared dead, and five of the 48 survivors were injured.

The total amount of oil lost has not yet bene determined, but it appeared to be less than half the record 54m gallons spilled when the tanker Amoco Cadiz was wrecked off the French coast last year.

The two supertankers were reported to be carrying about 70m gallons each. The Aegean Captain, which was damaged in the bow, reportedly lost about 4m gallons. Mobil il, the owner of the oil aboard the Atlantic Empress, estimated that the maximum spillage from that ship was 20m gallons, "and much of that was burned away."

A Trinidad-Tobago official said that an inquest would begin this week to determine the cause of the collision in the Atlantic 20 miles off the north-east tip of Tobago. The collision set both ships on fire.

The blaze on the Aegean Captain was put out early on Saturday, and the ship was being towed to a dry dock in Trinidad for repairs.

The Atlantic Empress was hit amidships and four or five of its 20 cargo tanks were believed ruptured. Three smaller tankers from Beaumont, Texas, are to siphon off the oil from the Empress after the wreck is cool enough for men to go aboard.

The oil slick broke up into two smaller slicks over the weekend and drifted to beyond 12 miles from the Tobago coast.

The Empress, which was bound from the Gulf to Beaumont when the collision occurred, is owned by Sun Enterprise of Piraeus, Greece. The Aegean Captain, which was en route from the Dutch Caribbean island on Bonaire to Singapore, is owned by Colthrush Ltd of London. AP

Bank rate boost to Canada dollar

BY VICTOR MACKIE IN OTTAWA

THE BANK of Canada raised the bank rate by half a percentage point to a record 11¼ per cent, effective yesterday, signalling a general rise of Canadian interest rates.

The increase is the eighth since March, 1978, but the first under the new Progressive Conservative Government which had criticised the previous increases which were made under the Liberals.

Mr. Gerald Bouey, Governor of the Bank of Canada, said that the immediate reason for the increase was the decision made on Friday by the U.S. Federal Reserve Board to raise its discount rate to 10 per cent from 9½ per cent. The Bank of Canada habitually maintains interest rates above those in the U.S. to prevent a further decline of the Canadian dollar.

The Canadian dollar closed at 85.97 U.S. cents on Friday, up slightly from its value on Thursday as the market had anticipated an increase in the bank rate.

Mr. John Crosbie, the Finance Minister, said he was reductant to see the interest rate raised, but added: "Under the circumstances I had no choice."

He said he considered the increase the lesser of two evils. "If the Canadian dollar drops appreciably then we'll really have inflation," said Mr. Crosbie.

PRIVATE SECTOR LOAN BOOM

Brazil moves to cool credit

BY DIANA SMITH IN RIO DE JANEIRO

SR. MARION SIMONSEN, Brazil's Planning Minister, has called on the central bank and commercial banks to find ways of cooling credit to the private sector in the second half of this year.

The Government's April measures—freezes on food prices, a $6bn ceiling on public and private foreign borrowing, a 50 per cent freeze of cruzeiro proceeds of private foreign loans, and tighter hire purchase credit—briefly produced cooling effects on inflation at the time.

But the money supply (cash in hand and in cheque accounts) continues to run beyond official targets, and loans to the private sector have assumed almost runaway proportions, with interest rates over 55 per cent annually, despite an undertaking by commercial banks to reduce these to 50 per cent or less.

According to figures compiled by the central bank up to July 10, lending to the private sector by commercial banks reached Cr.742.65bn ($28.6bn), already Cr.27.6bn over the official target set for January 1-July 31, 1979, and 57.8 per cent greater than private lending 12 months ago.

Sr. Simonsen

With annual inflation running at about 47 per cent, cash in the hands of the public, totalling Cr.108.13bn on July 10 was 52.82 per cent more than 12 months earlier, and already Cr.13.15bn over the official target.

With the inflationary effects of OPEC oil price rises the Government's anxiety to control inflation has become more marked.

It has taken steps to cool the highly speculative overnight market in Treasury bonds and bills, first by closing loopholes which permit repeated, inflationary negotiation of the same bill. It is opening a clearing house for these papers in October, to regulate selling and buying more efficiently, and is now attempting to reduce trading by lowering the profitability of Treasury bills.

Under the last Administration of Gen. Ernesto Geisel, when Sr. Simonsen was Treasury Minister, efforts to cool monetary inflation were largely timid. Cruzeiro proceeds from all foreign loans were temporarily frozen, to soften the impact of an influx of $11.9bn during 1978; but the credit system and overnight market activities took off, with soaring bank lending rates, final hire purchase prices of up to 180 per cent of the cash price and rampant treasury bill speculation.

These bills were devised in 1967 as a form of savings—not as fuel for inflation. Some economists suggest that they should be withdrawn from the market altogether, since they have grossly inflated the internal debt.

$500m Eurocurrency loan for Korean airline deal

BY JOHN EVANS

A $500m Eurocurrency financing is to be arranged for South Korean Air Lines for the acquisition of Boeing 747 jumbo aircraft.

Bank of Montreal, Citicorp International Group, National Westminster and Fuji banks have received a mandate to mount the financing on a joint basis, according to London bankers.

The basic terms comprise a ten-year maturity for the loans, at a spread of ¾ per cent over interbank Eurodollar rates. These terms are the most favourable yet given by the Euromarkets to a Korean corporate borrower.

A portion of the loan will be handled by British banks, headed by National Westminster, on a tax-sparing basis. The loan will finance the purchase of seven Boeing 747s, with the financing secured by mortgages on the aircraft.

Meanwhile, Light Servicos de Electricidade, the electricity utility recently acquired by the Brazilian Government from the Canadian Brascan group, is to tap the Eurocurrency market for $200m. The funds will be used to finance the utility's capital expenditure programmes.

The loan will be split into two equal $100m tranches. One 12-year portion will carry a spread of ¼ per cent over interbank rates. The other will run for 15 years, with a margin of 1 per cent for the first eight years and 1½ per cent thereafter.

The loan has now been placed into syndication, under a management group composed of Chemical Bank International, Banco do Brasil and European Brazilian Bank, Banco do Estado de Sao Paulo, Banque Europeenne de Credit (BEC) and Fuji Bank. The transaction carries a Brazilian state guarantee.

Sydsvenska Kraftaktiebolaget, Sweden's largest private power company, is raising a $40m 10-year Euromarket loan via a consortium of banks led by Hambros Bank, a company spokesman said.

Japan ship orders begin to recover

TOKYO — Japanese shipbuilders received orders for 22 ships totalling 407,900 gross tons in June, an increase of 425 per cent from the same month in 1978.

The Japanese Ship Exporters' Association, in releasing the figures, said the industry may now be on the road to recovery after a prolonged recession.

Freighters accounted for 76,450 gross tons, bulk carriers 102,400 tons and tankers 224,250 tons. Many of the orders came from Hong Kong shipowners, apparently prompted by speculation that prices will continue to rise.

Meanwhile, the industry is continuing to record a busy influx of orders through July.

Wah Kwong Shipping of Hong Kong has ordered five Japanese-built ships worth $87.5m (£37.4m). The contract calls for Koyo Dockyard of Mihara Hiroshipa to build two 57,400-ton bulk carriers, Kanda Shipping of Kure to provide two 31,000-ton bulk carriers and Mitsui Shipbuilding to build one 63,500-ton tanker. The ships, to be delivered by late 1981, will go into service under long-term charter contracts with as-yet unnamed European operators.

Agencies.

France and China agree to co-operate on electronics

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government has signed an outline agreement with China on 13 electronics projects which should produce several firm contracts before the end of the year.

This deal is one of the main results of the recent visit to China of M. Andre Giraud, the French Industry Minister, in which he attempted to give a new impulse to trade links between the two countries.

Other agreements made during the trip include three contracts worth FFr100m (£10.3m) with Alsthan, in the field of transformers, Merlin-Gerin Electrics and Coyne-Bellier (Engineering).

Last week's talks with France coincided with China's announcement that it was cancelling orders for two French-built nuclear power stations.

This decision was a considerable blow to French ambitions in China, since the FFr 10bn deal was the main specific item in the FFr 60bn trade package agreement made between the two countries at the end of last year.

M. Giraud, however, appears to have been given some hopes of compensatory business to make up for the loss of the power station contracts. He said that the Chinese have given assurances that they will try to make some concrete counter-proposals, probably for equipment in the thermic energy field.

M. Giraud's talks also covered several other industries in which the Chinese are interested, including coal, engineering, steel and non-ferrous metal production, and port construction.

At the same time, the final touches were put to the oil exploration contract between the Chinese Oil Ministry and the two French companies, ELF Aquitaine and CFP, the Total Group. This agreement gives the French companies exploration rights in the Gulf of Bohai to the north-east of China.

Diesel fuel research in Italy boosted

By Our Shipping Correspondent

GRANDI MOTORI TRIESTE, the Italian diesel engine builder, has launched a £1.5m pilot research project into alternative fuels.

The company, which is already spending £2.5m a year on other forms of research and development, says it regards the fuels research programme as the key to future development.

It will be investigating the use of coal as a diesel engine fuel and various methods of breaking down coal into usable form.

Methods to be examined include the use of ultrasonic waves for reducing coal to particles and the use of chemicals and water to convert coal into slurry form.

Tests will also be carried out on other engine fuels, such as shale and methane. The cost of oil for ships' engines has increased by around 50 per cent *this year and shipowners have complained that the oil offered is of deteriorating quality.*

Grandi Motori, which is owned by Fiat and IRI, the Italian Government's industrial development organisation, believes its fuels research programme will be the biggest in the world.

U.S. hopeful on safeguards pact

WASHINGTON — U.S. trade policy officials say that there is still a chance that an agreement on an international safeguards code might be reached in Geneva by the end of September.

The proposed code, a source of particular aggravation among Third World countries, would spell out various international rules on how the industrial countries, for example, might temporarily restrict importation of specific items from the developing nations. The Code, once completed, would be an addition to the recently negotiated General Agreement on Tariffs and Trade, recently negotiated in Geneva.

The U.S. Congressional budget office completed its second report on the Geneva negotiations in advance of a Senate vote, expected this week, on the overall GATT trade implementation legislation.

The report, released at the weekend, said that the failure to reach an accord on import quotas covering textiles, footwear, television sets and other products, represents a particularly difficult disappointment for the developing nations.

The removal of import quotas by the industrial countries, including the U.S., could have been "the most important trade concession" that the industrial nations could have made to the developing countries."

The report said that the Geneva talks also failed to strengthen significantly the international trade dispute-settlement mechanisms under GATT. Similarly, the U.S. and other nations did not deal with the recent proliferation of large-scale, long-term bilateral trade arrangements that are becoming increasingly evident, particularly between the oil-producing nations and the industrial countries.

Agencies.

India seen as computer link

BY PEARL MARSHALL IN NEW DELHI

INDIA'S fledgling computer software companies are being approached by their full grown European counterparts for assistance in programme conversion work in the West and to branch out in joint ventures in the Third World.

The big attraction for the Europeans is India's abundant supply of cheap and well-educated labour.

Centi of Paris has recently signed a contract of around £1m *for conversion work with Computronics* of New Delhi, one of India's two leading software exporters. Several more are trying to negotiate similar deals with Computronics.

Others, especially those from the UK and West Germany, are anxious to link up with the Indians to exploit the rich potential market in the Middle East and Far East as governments, airlines and banks computerise their services.

A key thrust of the approach is the advantage of using India's *infrastructure as a proving* ground for software applications. The resultant sales pitch to third countries will have greater sales credibility, it is felt.

Apart from Computronics and Tata Consultancy Services of Bombay, India's other leading software exporters, the Europeans are interested in seven companies they describe as being in the software "take-off" stage. They are Administrative Staff College, A. V. Thomas Software, Datamatics, Electronic Corporation, Operation *Research Group*, OST Data, and Shaw Wallace.

Impo-Expo aims at EEC

BY ELAINE WILLIAMS

OPENING UP market opportunities for developing countries in the European Economic Community is the aim of a major exposition, the London Impo Expo 79 being held at the Wembley Conference Centre this week.

Representatives of 47 countries—29 of which are members of the Commonwealth—are exhibiting goods at the exposition which has been organised by the UK Trade Agency for Developing Countries.

Mr. J. Neilson Lepraik, chief executive of the agency, said during the opening ceremony—which was carried out by Princess Alexandra—that the developing countries of the world represented the EEC's biggest trading partner. Between 1970 and 1978 trade with these countries had increased from 29 to 38 per cent.

The first time the exposition was held in 1976, exhibitors came away with £25m worth of orders. The aim then was to open up the British market for overseas goods.

BRITISH CALEDONIAN

Mixed fortunes in Africa

BY FRANK GRAY

THE BUSINESS of selling Africa as an attractive part of the world to visit has proved to be fraught with a mix of extreme difficulties and pleasant surprises for British Caledonian Airways.

BCal, the privately-owned British airline, shares with British Airways the responsibility for providing Britain's commercial air link with Africa. Because of London's role as the busiest international aviation gateway in the world, the company's African services are increasingly used as a connection for other overseas airlines feeding into it.

BCal's territory falls roughly west of a straight line linking Cairo with Johannesburg, with British Airways operating to those cities and to points east, such as Nairobi.

In effect, this means BCal's world is Saharan North Africa and a handful of countries in Central and West Africa. It now flies to a total of 14 cities on the African continent—this will increase to 15 in November with the inauguration of a London-Oran, Algiers, service.

The airline's officials are the first to admit that unlike its other territories—North and South America and Western Europe—Africa is raw country. It has, for the most part, proved frustrating to the company's marketing experts, who would like to put together comprehensive tour packages not only to African points, but out of Africa to Britain.

That is not to say there are not some lucrative regions being developed largely as tourist destinations. Chief among these are Tunis, Tunisia, and Cassablanca, Morocco in the north, which have been popular tourist destinations for some years.

To the south, the company has been successful in developing tour packages to Banjul, The Gambia, and Freetown, Sierra Leone, in conjunction with its subsidiaries, Caledonian Hotel Management and Blue Sky Holidays. In fact, the Atlantic Hotel in Banjul and the Bintumani near Freetown are both managed by CHM.

But while these examples prove what can be done in terms of tourist promotion, they remain the exceptions rather than the rule.

Accra in Ghana has been the scene of street fighting and military coups, and Nigeria has imposed a further tightening of exchange control regulations making it difficult to broaden the base of what is an overwhelmingly business-orientated market.

A few years ago the company actually withdrew its service from Kinshasa because of the Zaire Government's refusal to let BCal repatriate some £300,000 in earnings. The money was subsequently returned, but the ensuing economic problems of Zaire have discouraged the airline from any immediate re-entry plans.

Operations tend to be far smoother in the north, but the company so far has found unsatisfactory interest by local Governments in helping build up the tourism infrastructure in such places as Benghazi, Tripoli or Algiers, in spite of the agreeable Mediterranean climate. Hotel accommodation for tourists continues to be inadequate, and the airline finds that many of its customers are businessmen, some of them oilmen visiting North Africa from Texas.

In spite of these frustrations, it is this kind of business traffic, as well as the high volume of it, that is contributing a disproportionately high turnover to BCal's African operations.

Last year, for example, the airline carried some 2m passengers across its system. About 10 per cent of these were carried on African routes, but the revenue earned from Africa comprised nearly 40 per cent over the company's overall scheduled traffic revenue. BCal's total revenues from scheduled and charter operations stood at £163m last year.

Without doubt the jewel on the African crown is London-Lagos, in which BCal operates DC-10s on a daily basis, supplemented this summer by a once-weekly 707. It shares its revenues on a 50-50 split with Nigeria Airways. It leaves no doubt that the recent suspension of DC-10 services following the Chicago air crash was financially painful on the Nigerian route.

If anything needs to be done, says Mr. Duncan Haws, the company's sales director, "We certainly need to move in the direction of serving more points."

He referred to the inauguration of London-Abidjan in May, 1978, and the warm reception BCal officials received recently in Libreville, when they recently met Government representatives on route-development talks. Luanda is another target destination, but for obvious reasons, this one appears a long way off.

"Africa is not going to go away," Mr. Haws said. "It is a vast continent with as many people in it as the U.S. and Canada put together. We see that in the longer term we will overcome our problems and what we hang on to now is what we will keep."

Ulster gas pipeline rejected

BY OUR BELFAST CORRESPONDENT

A RUNDOWN of Ulster's gas industry appears inevitable after a Government decision not to pipe natural gas from Scotland.

Mr. Giles Shaw, Northern Ireland Under Secretary, has turned down a proposal for a pipeline which would have cost £100m at today's prices.

He said the Northern Ireland Department of Commerce would negotiate with the various gas undertakings about an orderly rundown.

More than 1,300 people are employed by nine council-owned undertakings and four private companies in the province. They will be made redundant over some years.

Ulster has 150,000 gas consumers. The Government will help them with the cost of switching to electricity or solid fuel, to ensure a smooth transition.

In spite of a long campaign for natural gas in Ulster, the Government has decided against a pipeline in the light of the province's overall energy position.

Ulster will have excess electricity generating capacity when a new 1,200 megawatt power station near Belfast comes on stream. Gas prices in the province are up to three times higher than those in Great Britain, because of the cost of naphtha, the feedstock used.

Belfast Council's gas department, which supplies an overwhelming majority of Northern Ireland consumers, lost £4m last year and forecasts a £7m deficit this year.

The price of naphtha, which was £12.06 per tonne in 1973, is now £134 per tonne. Consumers in Belfast have faced six hefty price rises in as many years.

Kraft liner to rise £20 a tonne

By John Lloyd

THE PRICE of kraft liner — the cardboard used in packaging — is to rise by about £20 a tonne in August.

Scandinavian and U.S. producers will be raising their prices by around 14 per cent, or $40 to $45 a tonne. UK producers will raise their prices from mid-August, by about 12 per cent.

The foreign price rise follows a 7.5 per cent increase in February. The Scandinavian industry has been hard pressed in recent years, and the current shortage of kraft supplies is seen as a chance to improve profitability.

Thames Case, one of the major UK suppliers, said yesterday that the increases were to be expected after two years of low prices.

"Unfortunately, they coincide with numerous other price increases which the fibreboard case industry is suffering at the moment. Fuel oil, power, printing inks, adhesives, pallets, strapping wire and local rates are all rising steeply and the industry's national wage award will operate from September 1."

The company said there was scope for increased productivity, and some progress had already been made.

Dearer cement

PRICES of ordinary and rapid hardening Portland cement are to rise by an average 13 per cent from August 1, the Cement Makers' Federation announced.

Massey looks again at plan to switch combine output

BY RAY PERMAN, SCOTTISH CORRESPONDENT

MASSEY-FERGUSON is to take a fresh look at its proposal to transfer combine harvester production from Kilmarnock to Marquette, France, with the loss of 1,000 jobs in Scotland.

The company was to have announced its decision this week, but, following meetings at the beginning of the month between Mr. Victor Rice, its president, and the Government, local authorities and unions, the company has agreed to bring up to date the internal study which recommended the move.

Sir Keith Joseph, the Industry Secretary, and Mr. George Younger, Secretary for Scotland, told Mr. Rice that they were concerned about the impact the move would have on employment in the Kilmarnock area and on the UK balance of payments. Massey-Ferguson is the last manufacturer of combines in Britain.

In a letter to unions today, Mr. Rice said that the discussions did not throw up any new factors which might influence the decision but that "we owe it to each other to update the information provided by the study group."

He added that the oil crisis and developments in the agricultural equipment market made it necessary to review market forecasts. The company would consider again options for protecting jobs at Kilmarnock.

Massey-Ferguson has also agreed to release information on production costs in Scotland and France, without which, unions said, proper comparison was impossible.

London base for Eurocanadian

BY LYNTON McLAIN

EUROCANADIAN SHIPHOLDINGS, which failed to win support for changes at Furness Withy last month, is to base part of its fleet operations in London.

The operations of the Swiss-based company's combined oil and bulk carrier fleet, owned by the Cast group subsidiary, will be managed by Eurocanadian Shipholdings (UK). This was set up four years ago, but has had no direct role in ship operations.

The Cast fleet comprises six ships with a total of 633,000 deadweight tons, all under the British flag.

Mr. Trevor Fairhurst, formally of P. & O. will be managing director of the new company. It will employ up to five brokers and other shipping staff.

Mr. Fairhurst said yesterday he did not know if Eurocanadian Shipholdings would operate other shipping activities from London.

The company has a 37 per cent stake in Manchester Liners. Furness Withy holds the balance.

Top claims on tankers

BY JOHN MOORE

INSURERS HAVE calculated that they face maximum claims of $95m (£41.3m) on the damaged oil cargoes of the supertankers Atlantic Empress and Aegean Captain which collided last week. The total bill for Lloyds of London could come to about £14m.

Together with the $52.5m worth of claims arising from damage to the two vessels' hulls, the total insurance bill could come to $147.5m.

Some $24m of the claims from the Atlantic Empress's insured cargo value of $40m will hit the London insurance community, with between $12m-$14.4 falling on Lloyd's.

According to Lloyd's, only one tank of crude oil has been lost on the Aegean Captain which could reduce the insurance bill from $55m to $4m. In any event only 19 per cent of the $55m insured value of the cargo is placed in London.

Proposal for joint survey valuation

BY MICHAEL CASSELL

THE BUILDING societies, after discussions with the Office of Fair Trading, are to recommend a simultaneous valuation and structural surveying scheme designed to save money for house buyers.

Some building societies already provide this service but there have been no recommended procedures for the societies to follow, nor were house purchasers generally told of the facility.

Mr. Gordon Borrie, director general of fair trading, welcomed the scheme. "This should have money for a buyer who requires a detailed structural survey, as in many cases there need only be one professional visit to the property instead of two," he said.

The Building Societies Association has now recommended that its members consider having the valuer for the society involved carry out a structural survey for the applicant. Alternatively, a society should permit the valuation to be carried out by a surveyor proposed by the applicant and who is considered suitable by them. Under the arrangements, the building society and the purchaser will each receive a separate report.

The OFT said yesterday that house buyers wanting this new facility should advise the society at an early stage before a valuation is arranged. "It is up to the purchaser to discuss the scope of the survey and a reduced fee direct with the surveyor who is appointed," a spokesman added.

Orkney waste gas stack

A NEW flare stack originally intended for Canvey Island has now been erected at the Occidental Flotta oil-terminal in Scapa Flow, Orkney.

The 220 ft stack will burn off waste gas from the Piper and Claymore oilfields in the North Sea. At present waste gas is flared from a 120 ft stack which will be retained.

Lloyd's insurance broker to go into voluntary liquidation

BY JOHN MOORE

D. O. HOWELL AND CO, the Lloyd's of London insurance broker, is in voluntary liquidation.

The group's creditors have nominated and confirmed Mr. D. H. H. Meacock of chartered accountants, Baker, Sutton and Co as liquidator and appointed a committee of inspection.

D. O. Howell and Co was suspended by the 16-strong ruling Committee of Lloyd's last August from placing or receiving any insurance business with Lloyd's underwriters after the disclosure of irregularities involving many commercial motor policies in a group subsidiary.

Lloyd's said in a statement at the time that D. O. Howell (UK), the subsidiary, "had issued extensions which purport to include accidental damage, fire and theft to a substantial number of mainly third-party commercial motor policies."

"Assureds holding these policies are advised that it is doubtful whether proper insurance cover exists for these extensions."

D. O. Howell (UK) went into voluntary liquidation last December after insurance companies refused to pay claims estimated at £325,000.

A City of London police fraud squad inquiry into the affairs of that subsidiary has been in progress since last September.

The parent company, D. O. Howell and Co., was removed from the approved list of Lloyd's brokers earlier this month at its own request.

The Lloyd's insurance brokers' committee of the British Insurance Brokers Association is to liaise with the liquidator and other Lloyd's brokers who are servicing and running off existing business of D. O. Howell and Co.

The British Insurance Brokers Association said yesterday that if anybody who holds a Lloyd's policy which was arranged by D. O. Howell and Co. needs advice, they should contact the Lloyd's insurance brokers' committee at Fountain House, 130, Fenchurch Street.

New role for former Downing Street man

BY DAVID FREUD

DR. BERNARD DONOUGHUE, senior policy adviser to the last two Prime Ministers, has been appointed to the Board of the Economist Intelligence Unit.

He is to become the development director. The unit is linked with the Economist magazine and is one of the major economic and assessment groups.

He takes up the job on October 1, on a four-day-week basis, and his appointment comes shortly after the announcement that Mr. Peter Jay, the former UK ambassador in the U.S., is to join the unit at board level on a part-time basis on September 1.

Sir Claus Moser, the unit's chairman, said the two appointments were part of a policy of strengthening the unit's work, dealing with economic and social policy.

There would be more assessment of how different economies were developing, while the approach to economic forecasting of the UK would be applied to European countries.

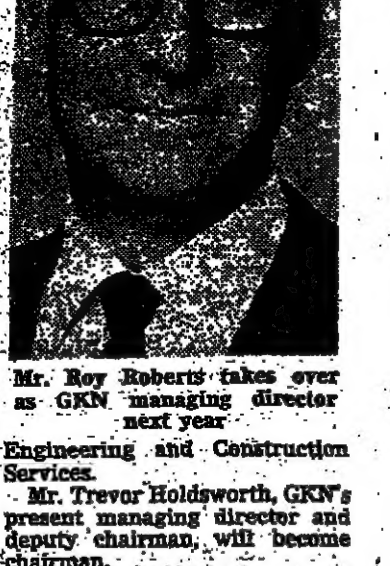
Mr. Donoughue worked in Downing Street from 1974, serving under both Harold Wilson and James Callaghan. Between 1963 and 1978 he taught at the LSE.

New GKN managing director appointed

Financial Times Reporter

MR. ROY ROBERTS is to take over as managing director of the Guest, Keen and Nettlefolds engineering group on January 1 in a restructuring of top management.

He joined the company 13 years ago and was appointed a main Board director in 1975. An engineer by training, he has been chairman of GKN



Mr. Roy Roberts takes over as GKN managing director next year

Engineering and Construction Services.

Mr. Trevor Holdsworth, GKN's present managing director and deputy chairman, will become chairman.

Mr. James Insch, a non-executive director of GKN, will take over the deputy chairmanship.

The shift of personnel is due to the retirement of Sir Barrie Heath, the group's chairman. The group is half-way through a major reorganisation of its manufacturing subsidiaries, due to be complete in 1981.

GKN has closed some of its general fasteners factories because of fierce competition from the Far East and Japan. It has invested heavily in setting up a second motor components plant in the U.S.

FINANCIAL TIMES CONFERENCE: BUDGET 1979

Spending cuts 'not one-off exercise'

THE GOVERNMENT'S reductio in public spending was not simply a one-off exercise, Sir Geoffrey Howe, Chancellor of the Exchequer, said yesterday.

He told a Financial Times conference in London, called Budget 1979, that it was too widely believed that "with one year of virtue under our belts we could perfectly easily let Government spending return to its previously planned levels."

He said: "I cannot emphasise too strongly that this view is dangerous and misguided."

There was no real choice about the need to reduce the planned scale of public spending. The scope for growth was severely limited by the outlook for expansion in the economy as a whole.

Prospects for the world economy were worsening. Unless the UK could dramatically improve its performance on productivity, external trade and inflation it could not count on even the 1 per cent annual meagre growth of the last five years in the years immediately ahead.

Inheritance

"The scale of the expenditure plans and decisions we inherited from the previous Administration provided for percentage increases which were considerably greater than the likely rate of growth of output.

"They were so large as to pre-empt all the likely addition to production, leaving less and less for other purposes year by year."

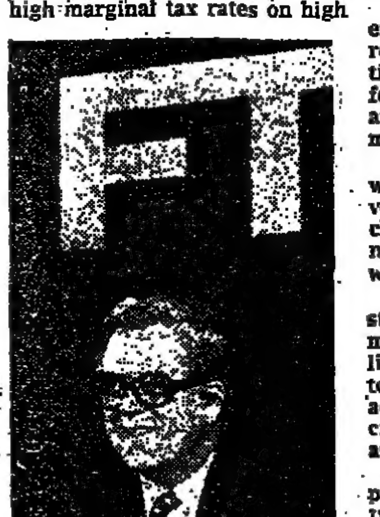
Allowance had to be made for the increases of public sector pay which were likely to follow from the recommendations of the Clegg Commission on Comparability. The probable cost of these catching-up settlements would increase the difficulties over the next two years.

"It is totally unrealistic to think that these expenditure commitments could have been left unchanged this year or next, let alone in later years to come.

"If we try to maintain those plans with unaltered tax rates, the Public Sector Borrowing Requirement would soon be vast and unsustainable. Strong upward pressure on interest rates would follow, and we should be plunged into yet another of these crises which have plagued us for decades.

"If we tried, on the other hand, to finance the extra expenditure by tax increases, the tax burden would quickly become intolerable. Any hope of preserving, let alone strengthening, incentives would be extinguished and we should find ourselves locked firmly into a zero-growth economy—on course for economic and social disaster."

The Chancellor said the very high marginal tax rates on high



Freddie Mansfield

The Chancellor, addressing the Budget '79 conference at the Dorchester Hotel, London

incomes were an obvious absurdity, and needed to be reduced promptly. But the 3p reduction in the standard rate—the marginal rate for most taxpayers—would improve incentives all the way down the line.

"I said in my Budget speech *that this was an opportunity* budget, not a give-away Budget." There had been a good deal of talk about whether or not the tax changes had made most households better off."

"I hope that the new tax and price index of real take-home pay which the Government hopes shortly to introduce will help settle this kind of dispute. For the Retail Price Index, by *itself*, is not a sufficient guide. For some 5 per cent of the possible increase in the RPI has already been compensated for by the cuts in income tax."

The development of the world economy had reached an important turning point in the early 70s. The developing problems of energy supply had been accompanied by a dramatic fall in the ability of economies to grow at *a satisfactory* rate without excessive inflation.

These factors implied, for all countries, severe constraints on the prospect of sustainable growth over the next few years.

For the UK, in particular, there was a real danger that without a substantial improvement in performance, its relative economic decline might turn into an absolute decline. "That is why the Government had to act quickly and decisively."

The strategy consisted of effecting a long-term permanent reduction in the rate of inflation. This was a pre-condition for the assumption of sound and sustainable expansion in the medium-term.

Another part of the strategy was to reduce Government intervention in the market and claims on resources, to promote much freer and more fruitful *working of the economy.*

Sir Geoffrey said: "I cannot stress too strongly the Government commitment to controlling monetary growth in order to bring down inflation." He added: "Inflationary pay increases will simply not be accommodated."

A substantial rise in unemployment over the next year or two was possible but not inevitable. The level of employment was not simply determined by the Government: management and unions also had a choice and a responsibility.

Post-war history showed a constant pattern of over-promising and, as a result, under-achieving." Economic growth should be secured first by establishing the climate in which the private sector could supply it.

When growth was firmly re-established public spending could be allowed to grow as well. "If we plan low we shall minimise the risk of crisis and stand in the long run to gain from higher growth and better services."

U-turn

Mr. Denis Healey, the former Chancellor of the Exchequer, told the conference that the Government would face the choice between abandoning monetary policy and saving British industry.

The only question was when the U-turn would come and whether it would be organised by Mrs. Thatcher or Mr. James Prior. He suspected that it would take place in 1980-81 and be led by someone other than the Prime Minister.

There was no such thing as a once and for all price increase of the magnitude implicit in the recent VAT rise. He expected wages to rise by 16 or 17 per cent in the next round.

Mr. Healey said: "My central criticism of the Budget is that it engineers a massive increase in prices at a time when inflation is already rising, and a massive increase in unemployment and bankruptcies at a time when the world is already entering a recession.

"The economic problems created by these price increases are aggravated by sticking to targets for the PSBR and monetary growth which, although they were quite sensible with inflation running at pre-Budget levels, will be viciously restrictive with inflation at 20 per cent.

"Thus the monetary targets require raising interest rates to *a level which are immensely* damaging to industrial activity and makes sterling irresistibly *attractive to foreigners.*

"So industry finds itself trapped between the jaws of a pincer which is remorsely closing — rising wage costs generated by higher prices, crippling interest rates and a soaring pound.

"The Government first raises prices, and then raises interest rates to get them down again. And the strongest currency in the world has the highest interest rates.

"Finally an economic policy which aimed at improving industrial performance will be responsible for a collapse in investment, an intolerable squeeze on profits, mounting unemployment, and the disappearance of vital sectors of our manufacturing industry."

Mr. Healey pointed out that Mr. Samuel Brittan, of the Financial Times, had come out firmly against the Budget from the beginning.

Mr. Tom Jackson, chairman of the TUC General Council, said the Budget had engineered a big increase in unemployment. "We propose to run a campaign inside the trade union movement designed to point out to our people the disastrous consequences of a Government directed to every man for himself.

"If the philosophy is 'Devil take the hindmost,' we will do our utmost to use our market power to make sure we are not the hindmost and protect our members' living standards."

The Budget would create more unemployment through higher interest rates, public sector cuts and cash limits. The Government would also cut regional and investment aids and job creation measures, and relax exchange controls, which meant that money that could have been invested in Britain would move overseas.

He compared Mrs. Thatcher to a Mormon missionary in her zeal and certainty. "I wish I was as certain of anything as *she is of everything," he said.*

Mr. Gordon Pepper of stockbrokers W. Greenwell, said the one aspect of the Budget strategy with which he disagreed was a switch from direct to indirect taxation.

This was because the marginal rate must be higher in indirect tax to collect the same revenue, since savings meant there was a lower base. "This can discourage people from working more overtime."

The effect on the supply side of the economy was uncertain.

Mr. Pepper said there would be adverse monetary pressures over the next six months.

Mr. Bruce Sutherland, chairman of the tax committees of the Institute of Directors' Association of British Chambers of Commerce, said national insurance contributions from employees should be phased out altogether. A social security tax paid by employers on total pay rolls should be substituted.

Mortgage tax relief 'may go'

TAX RELIEF on mortgage interest might be reduced or withdrawn, Prof. Douglas Hague, Deputy Director of the Manchester Business School, told the Financial Times conference yesterday. The Government was likely to introduce tax credits and an effective anti-monopoly policy.

He said the Budget implied a return to reality in the sense that prices in general must henceforth reflect the cost of the resources that went into them.

Prof. Hague, one of Mrs. Thatcher's economic advisers, said the refusal to face reality led to distortions and delayed much-needed adjustment.

"For example, holding down the price of oil would weaken both the pressures on consumers to save energy and the pressure on producers to find new oil fields and to develop new energy sources.

On mortgages, he said: "It would hardly be surprising if the privilege of tax relief on mortgage interest were to be withdrawn, or significantly reduced during the next few years, as income tax is brought down."

The price system would not be accepted unless it was seen to be fair, and it would not be seen as fair unless the distribution of income was also seen as reasonably fair.

"It follows that the more full-blooded is the Government's use of the price system in the future, the more likely it is that tax credits or something like them, will be introduced."

He expected the Government to devote a good deal of time to ensuring that the price system was accepted as reasonably fair and operated reasonably efficiently. This would not be possible if business were seen to wield undue market power.

GLC probes bribes charges

BY ANDREW TAYLOR

THE GREATER London Council yesterday launched an investigation into allegations that council officials had accepted bribes to buy building materials from a British manufacturer.

Sir Horace Cutler, leader of the Conservative controlled GLC, said yesterday: "We will winkle out the irregularities if any. I am not surprised by anything that goes on at County Hall. I think that this sort of thing is far more widespread than people think."

A separate investigation has been started by Lambeth Council and preliminary inquiries have begun at the Thames Water Authority following newspaper allegations that council officials from all over the country had accepted gifts in return for orders.

Police investigators in London said that it would be looking into the allegation but "it was very early days yet."

Lambeth Council said yesterday that it had suspended one of its officials on full pay while an investigation was carried out.

Sir Horace Cutler said that he would decide today whether to suspend the GLC officials named in the article. He added that the officials had denied the allegations.

Among gifts alleged to have been made to council officials were fishing gear, jewellery, food hampers and household electrical equipment.

Sir Horace said: "I do not refer to these particular allegations when I say that the scope for this kind of inducement and other unscrupulous behaviour is more widespread than people think. You suspect it goes on but can't put a finger on it."

The GLC was investigating the disappearance of 30,000 tons of gravel — worth several hundred thousand pounds — from a site at Bayonne Road, Hammersmith, in 1976. Examples like this were only the "tip of the iceberg," said Sir Horace.

Fraud case jury retires

THE JURY in the Israel-British Bank case at the Old Bailey yesterday retired to consider its verdict in the longest running fraud case ever brought in the City.

Mr. Harry Landy, former chairman of the bank, Mr. Arthur Malcolm White, Mr. Charles Kaye and Mr. Peter Lynn, together with Mr. Joshua Bension and others, are accused of conspiring to defraud lenders and depositors of the bank between 1968 and 1974.

The charges were *brought* following the collapse of the bank in London and that of its parent in Tel Aviv in 1974. During the winding-up of its affairs the bank was found to have liabilities of £48.8m.

Stated assets of £49.4m included unsecured loans of £30m made to companies in Liechtenstein founded by Mr. Landy. According to the prosecution these loans were backed by worthless guarantees.

Duke for Tokyo

THE DUKE OF KENT is to visit Tokyo from September 16 to 20. His engagements include the gala opening of the Royal Opera Company tour on September 18. Last month the Duke became the first member of the British Royal family to visit China.

Clarendon papers fetch highest Sotheby's price

SALEROOM

BY PAMELA JUDGE

AN UNPUBLISHED collection of papers of the first Earl of Clarendon (1609-1674) covering discussions over the Treaty of Breda made £8,500 at Sotheby's yesterday, the highest price in the sale of autograph letters, literary manuscripts and historical documents.

The buyer was Hofmann and Freeman, Sevenoaks, which also gave £2,200 for a collection of letters about the War of the Austrian Succession.

The first day of the two-day sale made £56,880. Mr. L. K. Sayer, of Hounslow, gave £1,900 for an autographed order of service used by the Rev. Anderson Jardine at the marriage in France of the Duke and Duchess of Windsor. Lord Carnarvon's account of the discovery of the tomb of Tutankhamun went to an American dealer for £1,700. Maggs gave £1,500 for six letters by Captain Scott of the Antarctic. A document signed by Henry VIII fetched £1,500 and Quaritch paid £1,300 for a letter signed "James R" by the Old Pretender, James Francis Edward Stuart.

Miniatures and silhouettes sold through the same house totalled £42,524. Limner Antiques gave £1,100 for a miniature of a gentleman by John Hoskins, circa 1640.

English and Continental ceramics fetched £50,826 at Christie's. Graham and Oxley paid £2,700 for a Mason's ironstone dinner service painted in an Imari palette. A pair of Sevres-pattern *ormolu-mounted* two-handled oviform vases and covers painted by G. Poitevin went to Duncan-Smith at £2,100. The same buyer paid £1,150 for a late Meissen clockcase.

In the same rooms Oriental ceramics and works of art went for £65,307. A late Ming blue and white Kraak porcelain pear-shaped bottle was bought by Keek for £1,650. Ying gave £950 for an underglaze copper-red and white broad pear-shaped vase.

Impressionist and modern pictures and sculpture at Phillips made £21,701. Bexhill Beach and Wansee, two works by Joseph Oppenheimer, fetched £2,500 and £680 respectively. The Water Garden, Chateauneuf-sur-Loire, by Sir William Russell Flint was bought by Campbell and Franks for £1,700.

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Globtik ship management to return to London

BY LYNTON McLAIN

MR. RAVI TIKKOO, chairman of the Globtik shipping group is to return the management of the company's ships to London. Globtik moved to New York two years ago, following disenchantment with the UK Government and tax policies.

The company's financial base will stay in New York. But Mr. Tikkoo said yesterday he was confident Globtik would now be able to operate its expanding fleet of advanced oil tankers from London "without Government interference."

"If Mrs. Thatcher had not won the election, I would have stayed in New York," he said.

He claimed that harassment and a political vendetta by the previous Government had made it difficult for Globtik to get state subsidies to buy British-built ships.

Globtik plans to spend almost £80m on six new fuel-efficient tankers. Five have already been ordered—from Japan and Brazil—and there is an option on a sixth ship. Another four may be ordered by 1984.

Mr. Tikkoo said he would prefer to place orders in Britain, "if the price, quality and delivery terms are right." He would order vessels from British Shipbuilders even if these are 2½ per cent more expensive than elsewhere, "but not at any greater price difference."

The first of Globtik's new fleet of 80,000 deadweight ton tankers was delivered by IHI of Japan last month. It is already on charter to a company buying

Mr. Ravi Tikkoo . . . "tremendous shortage of capacity"

crude oil on the spot market. Two of the remaining four 80,000 dwt tankers on order will be built by Ishibras of Brazil.

Mr. Tikkoo has sold his two 484,000 dwt supertankers, the Globtik London and the Globtik Tokyo, to two wholly-owned Liberian companies, Etra Tanker Corporation and the *Norop Shipping Corporation.*

The last of his existing fleet, the 15-year-old Globtik Saturn, 83,434 dwt is expected to be sold this year.

The sales mark the end—for the time being—of Globtik's involvement with ultra-large crude carriers. The company intends to concentrate all its operations in the 80,000 dwt sector, where demand is buoyant, particularly in the shallow waters off the U.S. east coast.

Mr. Tikkoo forecast a "tremendous shortage of capacity" in the sector after June 1981 when new and tight anti-pollution and safety designs regulations for tankers laid down by the United Nations International Maritime Consultative Organisation come into force.

This is expected to make many existing tankers, not fitted with inert gas safety systems and segregated ballast tanks, obsolete.

Globtik has letters of intent still outstanding with the U.S. Newport News shipyard for two £200m nuclear powered tankers, each of 600,000 dwt. These could be delivered by 1987, but Globtik is not expected to confirm the orders this year.

European sales record for Ford

By Lisa Wood

FORD OF EUROPE yesterday announced record commercial vehicle sales in the first half of this year.

The figure of 94,259 was 12½ per cent better than the previous best, 83,700 in the first six months of 1973.

Sales of 60,263 in the medium range were 7½ per cent up on the previous record of 56,000 in 1977.

UK sales were described by Ford as "good." Those in Germany, France, Belgium, Ireland and Austria exceeded previous records.

Ford produces commercial vehicles in the UK, Belgium and Amsterdam. UK production fell about one-third last year because of strikes, and sales suffered through inability to supply. But Ford now says its British plants are working at capacity.

Railway bid to attract tourists

By Ian Hargreaves, Transport Correspondent

BRITISH RAIL has set up a tourist group to co-ordinate its travel industry marketing.

Sir Peter Parker, chairman, said the aim was to raise passenger earnings from overseas visitors by 25 per cent between 1978 and 1980. Last year, revenue from this source was £24m.

A separate board within British Rail has been created for the new group. Chairman will be Mr. Bob Reid, British Rail board member for marketing. Other members include Sir Henry Marking, chairman of the British Tourist Authority, and Sir Alexander Glen, chairman of the Anglo World group and deputy chairman of British Transport Hotels.

Representatives of British Rail shipping and hovercraft subsidiaries are also included.

Sir Peter said the overseas sales effort was being stepped up by the creation of a European sale group and the strengthening of British Rail's overseas agency network.

Top Arabs to attend London Business Expo '79

FINANCIAL TIMES REPORTER

A SELECT LIST of Middle East businessmen has been invited to London for the Middle East Business Expo '79, where companies from industrial nations are exhibiting services and goods until Saturday.

Over half the 70 companies exhibiting at the Grosvenor House Hotel are British, including Rank-Optics and British Standard. Mr. Nasser Nayyar, managing director of organisers Middle East Trade and Exhibitions, said the main object was to bring together "people from the Arab world who are engaged in large scale projects" and suitable suppliers.

Mr. Nayyar said it was a way of making good contacts, to be followed by factory visits and *further negotiation.* London was the only place where it was possible to bring together so many visitors from the Middle East.

The Arab Banking Conference takes place in London on Thursday and Friday. It will be chaired by Mohammed El Faisal Ben Abdul Aziz, son of the late King Faisal of Saudi Arabia.

● NEWS ANALYSIS—BRITISH RAIL ENGINEERING

The status quo under threat

BY IAN HARGREAVES

BRECKNELL WILLIS of Chard, Somerset, has been making equipment to collect electric current from overhead cables for almost a century.

Six years ago it developed such a piece of equipment, called a pantograph, for electric trains of the type used on some British Rail lines. Brecknell Willis claims its pantograph is half the weight and, at £1,500 per unit, half the cost of the comparable British Rail design.

Since 1973, the Somerset company has sold 200 pantographs, all but six overseas. Six sold to British Rail were taken, the company claims, only after heavy persuasion and on a trial basis.

Some weeks ago, Mr. Kenneth McQueen, the company's managing director, received a letter from British Rail informing him that Brecknell Willis could not expect future sales as British Rail's own engineering workshops were able to supply all the units needed.

This procedure is typical. British Rail is not required to go out to open tender when it is purchasing goods on the grounds that it has its own manufacturing and maintenance facilities.

Giant

Since 1969 the facilities, involving 13 workshops spread throughout Britain, have been lumped together as British Rail Engineering Limited (BREL). Much to the annoyance of the private sector in railway engineering the Act which set up BREL also gave the workshops the right to seek outside business either general engineering work in the UK or railway equipment contracts abroad.

Within the railway business, BREL is a giant. It has over 35,000 employees and recorded gross income of £314m last year, of which well over half was for repairing BR's own stock, £74m construction of new stock and £29m outside work.

British Rail and the railway unions have traditionally been strong proponents of the excellence of this arrangement. Nor have there been many squeals from the private sector, partly because BREL is by far the largest single member of the Railway Industry Association, which represents railway manufacturers. Without BREL'S contribution, the association estimates the industry has a turnover of around £200m, of which about a third is for export.

Lately, two significant pressures have emerged to threaten this status quo, any interruption of which is sure to meet stiff resistance from the railway unions who fear any chink in BREL's protective armour will lead to fewer workshop jobs.

First, because of changing energy equations and the developing world's growing interest in railways, exports have become big business. Sixty *cities are now planning* or building new underground railways or major extensions to existing systems.

This has quickened the interest of the private engineering sector, especially the three largest UK railway equipment manufacturers, Brush Electrical Machines (part of the Hawker Siddeley group), Metro-Cammell (part of the Laird group) and GEC.

These companies, along with many smaller companies such as Brecknell Willis, now feel even more strongly that they would be helped in their export efforts by a larger base load at home. Most believe they are more efficient than BREL and would like to prove the point in open competition.

The second and, in the event, more decisive pressure is dissatisfaction within British Rail itself about its engineering subsidiary. BREL has been blamed for late delivery of stock in several projects and is regarded as the chief cause of British Rail's inability in recent years to spend anywhere near its annual capital investment limit.

At a time when British Rail is arguing the case for more investment, this is a grave embarrassment. Also, grumbles about backlogs in maintenance work and consequent shortage of stock are legion in almost every corner of British Rail.

It was suggested during the winter that BREL's slowness in handling freight locomotive repairs was causing BR to turn down valuable business. Sir Peter Parker, British Rail's chairman, is reported to have wrathfully remarked that BREL is the block in the throttle of the railway's progress.

Oddly enough, BREL is run by a man who spent 22 years in the private sector of engineering. Mr. Ian Gardiner, now BREL's managing director, accepts that the organisation needs to become more commercial in its approach and to improve its operational efficiency. But he says the workshops are often a scapegoat for delays originating in late Ministerial decisions, late supply of materials or industrial relations problems outside the workshops.

Moreover, he insists that things are getting better, with a 9 per cent improvement in productivity last year. Even British Rail admits that in the first half of this year BREL's better performance has enabled BR actually to spend the capital sums allotted by the Government.

BREL has also suffered from a chronic shortage of skilled manpower, as its workshops often stand alongside highly competitive employers in other sectors of engineering.

Mr. Gardiner is hopeful, however that a recent agreement by trade unions on flexibility of admission to the highest skilled grade will much reduce the 1,850 shortfall which existed at the turn of the year.

One of the biggest remaining deficiencies is the failure to structure BREL along private sector lines, with profit and loss accounting. It is now the only major subsidiary of British Rail not to show an operating profit and loss figure in the annual accounts. This is because all the work BREL does for BR is on a "cost covering" basis.

Not surprisingly, the private sector is therefore sceptical of BREL's claim that its bids for *outside work contain an acceptable* margin. This was a particularly sore point last year when BREL won a big overseas-aid funded order to supply rail wagons to Bangladesh, almost to the exclusion of Procor and Standard Railway Wagon, two smaller private sector builders.

BREL's position, of course, is that it must fill its workshops to keep its men busy. Because there has been a downturn in British Rail's requirement for ordinary freight wagons, this meant going for export business, pending a re-orienteering of at least one of the wagon workshops towards production for export of self-steering bogeys and passenger coaches.

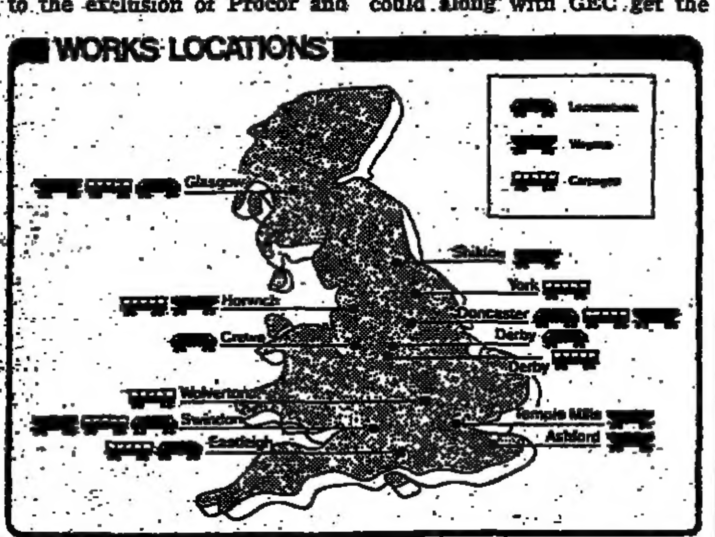
The strategic review which British Rail is now working on will attempt to tackle all these questions. It could well recommend converting BREL into a profit centre—a move which Mr. Gardiner says he would welcome—but its critical decisions, so far as the rest of the industry is concerned, is whether it will open the doors to competition.

The most likely outcome is a decision to relax the barriers in some areas, where British Rail sees benefits for itself, while maintaining stiff resistance to buying in any quantity private sector freight wagons, because of BREL's own overcapacity in that department.

Some leading figures in the private sector, however, believe that there is a real chance of British Rail pulling out of manufacture altogether and concentrating on maintenance and design. This would put British Rail in line with most other railway systems in the world. Only India, among the major railway countries, allows its state railway to manufacture stock as well as operate the network.

The main area where British Rail seems likely to encourage purchase from the private sector is in the next generation of diesel-electric and electric multiple units. Metro-Cammell could be asked to build these in the five-year period of the 1980s when it expects a gap in the ordering programme of London Transport, its biggest customer.

Brush, which is currently expanding its manufacturing facilities at Loughborough, could along with GEC get the opportunity to build some locomotives. However, there would be fierce resistance within BREL to any suggestion that the private sector should be allowed to build prestige passenger trains, such as the high speed train and advanced passenger train, whose three test units are now being built by BREL at Derby.



British Rail is unlikely to recommend the more radical policy of compulsory open tenders on all major contracts without firm Government pressure to that end.

There has been no sign of any such political move in the last decade. A current research project sponsored by the Department of Transport into alternative systems of manufacture and supply for public transport has been generated more by the academic interest of officials than by the will of any Minister.

Although BREL's monopoly is small fry when compared with that of the Post Office, there are some who hope that the Government's new powers will be used to push British Rail further than it might go on the manufacturing and maintenance issue.

Scots CBI in pay warning

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE CONFEDERATION of British Industry's Scottish division told the Government yesterday that it sees a tough winter's wage bargaining ahead with no room for maintaining living standards except through increases in productivity.

At a meeting with Mr. Alec Fletcher, the Scottish Industry Minister, the confederation said that because of rising costs and the high value of the pound British exports were 20 per cent more expensive than those of foreign competitors.

Mr. Alan Devereux, chairman, added: "The situation is likely to worsen. The room for pay settlements which do not come about through productivity increases will be zero—anything above that level will have to be paid for by redundancies. There is no other choice."

The textile, carpeting, publishing and engineering industries were being hit hard and food processing, which was subject to seasonal fluctuations, was having severe cash flow problems because of high interest rates and the squeeze on credit.

The confederation asked the Government to "hammer home" the message that for the majority of people employed in industry there was no prospect of maintaining living standards.

Mr. Fletcher said: "Certainly we have got to earn our way but I think this is better understood by people at company level than it is at national level. The more managers can inform their workers about the actual position of the company and what the productivity situation is the better the response will be."

Chinese orders boost exports of coal-mining machinery

BY MAURICE SAMUELSON

BIG ORDERS from China were responsible for a rise in Britain's exports of coal mining machinery last year.

Apart from these contracts, the industry's output was unimpressive, according to Mr. Dennis Morgan, president of the Association of British Mining Equipment Companies.

"Any tendency towards complacency must be jolted by recognition of the inclusion in the export total of a substantial volume of the 1978 China orders," he says.

His comments are made in Coal and Energy, the journal of the National Coal Board.

Real economic growth of the industry in stable home market conditions can only be achieved through diversification into the specialised expertise of other industries or by expansion of exports in developed mining disciplines, he says.

A survey of 74 association member companies shows that 22 per cent of their £580m total sales was for export.

Coal and Energy Quarterly; Number 21; Summer, 1979; National Coal Board.

LancerBoss expansion begins

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

LANCER BOSS, the industrial trucks manufacturer, is embarking on an expansion programme in response to the return of a Conservative Government.

According to the chairman, Mr. G. Neville Bowman-Shaw, this must improve "the climate for industry, exporting and management incentive."

Part of the three-point programme provides for increased marketing activity in the UK and overseas, which is designed to stimulate orders and boost production. In this way, it is hoped that the company will be able to maintain its prices in export markets in spite of the strong pound.

Announcing profits before tax for the year to March 31 of £4.6m (1978 £3.9m), Mr. Bowman-Shaw has warned that this year will prove "very difficult."

He gave the reason as "relatively stagnant world trade which will be embarrassed further by oil price rises and which is bound to result in price cutting in an industry suffering from over-capacity." Last year, the company exported goods to the value of £17.9m out of total sales at £32.8m.

In addition to increased marketing, Lancer Boss intends to invest in joint ventures overseas as the opportunity arises in preference to appointing licensees. It also plans to invest in the distribution of capital equipment in the UK.

Crash tunnel was reported 'safe'

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A RAILWAY tunnel which collapsed and killed two men and disrupted British Rail's high speed train service to Scotland was inspected shortly before the accident and found to be in good condition, a public inquiry was told yesterday.

About 2,500 tonnes of rock fell during work last March to lower the track in the Penmanshiel Tunnel between Berwick and Dunbar.

Attempts to clear the tunnel and recover the two bodies have been abandoned and British Rail hopes shortly to complete a bypass line which will reopen the main East Coast rail service from King's Cross to Edinburgh and Aberdeen.

Since the accident, coaches have been used to take passengers between Dunbar and Brwick and some trains to Edinburgh from London have been routed via the West Coast line through Carlisle.

The inquiry, ordered by Mr. Norman Fowler, Transport Minister, is expected to end today.

British Rail engineers said in evidence yesterday that the 130-year-old tunnel had been inspected regularly.

British Cargo airline planned

By Michael Donne, Aerospace Correspondent

A NEW air freight carrier known as British Cargo Airlines will be formed by the merger of IAS Cargo Airlines and Transmeridian Air Cargo, a Cunard subsidiary.

The annual meeting of Gatwick-based IAS will be held on August 15, together with an extraordinary meeting to approve the merger. IAS shareholders will own 65 per cent of British Cargo with Cunard holding 35 per cent.

Profits

The combined airline, which will be the biggest all-cargo airline in Europe, will have a fleet of 18 aircraft. This will include six DC-8 jets and two Boeing 707s. The other aircraft will be propeller-driven.

IAS yesterday announced a pre-tax profit for the last financial year of £1.32m. This compared with a pre-tax profit of £801,000 in the previous year. Turnover in 1978-79 was £28.3m, against £27.4m in the previous year.

Mr. Alan Stocks, chairman and managing director of IAS, said trading conditions were unpredictable. This was due to the rapid rise in oil prices and world-wide fuel shortages.

IAS was looking for new markets in Southern Africa and North America to offset declining trade in established areas, such as Nigeria.

British Aerospace shares offered for sale

Labour insists on state stake

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. JOHN SILKIN, the Shadow Industry Secretary, warned in the Commons yesterday that a future Labour administration make take back into pubilc ownership any shares in British Aerospace which are sold off by the present Government.

He was replying to the announcement by Sir Keith Joseph, the Industry Secretary, that half the shares in the Corporation are to be made available to private ownership.

In the heated exchanges which followed, several left-wingers went further than Mr. Silkin and said they would be campaigning to ensure that the next Labour Government takes back the shares without compensating the private investors.

Mr. Silkin and many Labour MPs were worried that the Government's proposals would make it possible for foreign shareholders to get control over British Aerospace, or at least wield substantial influence over it.

But Sir Keith said that the Government would be taking steps to ensure that foreign control would not be possible.

There were more angry exchanges when Mr. Adam Butler, Minister of State for Industry, made a statement on the future of shipbuilding. This had been touched on by Sir Keith, who said that for the moment it had been decided not to introduce private-sector finance into British Shipbuilders, although in principle the Government would have liked to do so.

Mr. Butler told the House that the Government intended to renew the shipbuilding intervention fund, making £120m available over the next two years.

There would also be other measures of support over the two-year period, and the cost to public funds would be substantial.

There would, he emphasised, be a need for strict financial discipline and—at the end of two years—the future of the industry would depend largely on the extent to which workers and management had been successful in helping themselves.

Mr. Butler explained that British Shipbuilders envisaged a contraction of merchant shipbuilding to an annual rate of 430,000 tonnes by March, 1981, with manpower in the industry dropping by 8,000 to a level of 20,000.

But he believed there were few grounds for optimism, and it would be very hard to achieve even this reduced target.

Hugh Routledge

Mr. Adam Butler, Industry Minister

Mr. Butler's statement brought an instant reaction from the Labour front bench, with Mr. Silkin claiming that it "spells virtually the destruction of the traditional major industries of this country."

According to Mr. Silkin, the Government was disregarding the enormous social consequences that would follow in shipbuilding areas . . which already had high unemployment.

He doubted whether Mr. Butler realised the impact on the people there.

Mr. Silkin also stressed that British Shipbuilders' plan to reduce its programme to 430,000 tonnes had not been approved by the last Labour Government.

Shipbuilding throughout the world was operating on a Government-assisted basis, he said. The time would come when there would be an upturn in shipbuilding and it was, therefore, the Government's duty to keep this industry alive.

Mr. Silkin urged the Government to take into account the suggestions put forward by the shipbuilding unions.

They had urged the Government to prevent shipowners from ordering their vessels from abroad. There should be a condition that British ships should be built in British yards.

The Government should also see that the 30 per cent rate of subsidy, allowed under EEC rules, was greatly increased. All our overseas competitors were, in fact, already doing this.

Following the two statements, the next business of the House was held up by lengthy Labour protests because the Government had not made an oral statement in the House on the future of the Belfast shipyard, Harland and Wolff. Only a written statement was given.

Commenting on Sir Keith's announcement on British Aerospace, Mr. Silkin said it was wrong to give the impression that the unions had agreed enthusiastically to the proposals.

Under the new structure being proposed by the Government, he predicted that we were moving towards the day when we lost our own aircraft manufacturing capacity and became a mere sub-contractor to the Americans.

"The question of restoring these assets to public ownership and on what basis will be the subject of urgent consideration by the Labour Party in the coming months," he warned.

Throughout the exchanges, Sir Keith repeatedly reminded his critics that the workers in the industry would be given a special opportunity to buy shares in British Aerospace.

"It is in the interests of those who work in the industry, as well as those who own the industry, that independence from Government decision-making should be introduced," said Sir Keith.

"It is a fearsome competitive world and we believe that commercial management of such an industry will produce more secure and better-paid jobs and a better service for the taxpayer."

There was full support from the Tory benches for his statement. Mr. Robert Adley (C. Christchurch and Lymington) said there would be a widespread welcome for a move which would add strength to British Aerospace and help it to compete in world markets.

Mr. Anthony Wedgwood Benn, (Lab, Bristol SE) reminded Sir Keith that, when the aerospace industry had been privately owned billions of pounds of public money had been poured into it.

No civil or military aircraft in the world would have been built without enormous sums of taxpayers' money.

Another Left-winger, Mr. Eric Heffer (Lab. Walton) said there was a growing opinion in Labour ranks that a Labour Government should take back these national assets without paying enormous sums in compensation.

Mr. Dennis Skinner (Lab. Balsover) said that Labour MPs would be pressing for an undertaking at the annual party conference that the shares should be taken back without compensation.

They would also urge that trade union nominees on pension funds should ensure that those funds purchase no shares in British Aerospace.

The statement was welcomed by the Liberal defence spokesman, Mr. Stephen Ross, although he would have preferred the Government to retain 51 per cent of the British Aerospace shares, rather than 50 per cent.

Strike blacks out ITV

By Gareth Griffiths, Labour Staff

INDEPENDENT Television programmes in most parts of the country were not broadcast yesterday, due to a 24-hour strike by electricians and studio staff, members of the Electrical and Plumbing Trades Union and the National Association of Television, Theatrical and Kine Employees.

The unions said their members would be working normally today, pending pay talks on Friday with the Independent Television companies Association. The dispute is over a pay claim, estimated to be worth between 25 per cent and 30 per cent and a threshold arrangement over a two-year period. Both unions have rejected a 9 per cent offer.

The 20,000 strong Association of Cinematograph, Television and Allied Technicians, yesterday said it would start surprise industrial action at ITV over its pay claim.

Mr. Alan Sapper, the association's general secretary, said he would not give details of the proposed strike action, in order to prevent the television companies taking remedial action.

Westward, covering Devon and Cornwall, and Channel, in Jersey, were the only stations to broadcast. Both put on about nine hours of programmes mostly pre-recorded material. Westward's electricians had left power supplies on, and Channel has separate negotiating machinery from the rest of ITV.

The other 12 commercial companies are estimated to have lost between £750,000 and £1m in advertising revenue. Nearly 9,000 staff are thought to have taken part in the one-day strike.

Mr. John Wilson, general secretary of NATTKE, said last night he thought there would be a fairly quick return to normal working.

Rail fares 25% up—Weighell

By Our Labour Staff

BRITISH RAIL fares are likely to rise by 20-25 per cent at the end of the year because of inflation and increased fuel costs, Mr. Sid Weighell, general secretary of the National Union of Railwaymen, said yesterday.

Sir Peter Parker, BR chairman, announced last month that fares would be frozen until the end of the year if fuel prices remained stable.

Mr. Weighell told Mr. David Howell, Energy Secretary, that the Government should use public funds to meet the cost of any rise in fuel charges which might lead to a fare increase.

The NUR delegation on energy and transport policy also pressed the case for further rail electrification, which Mr. Weighell said would save the country 700,000 tonnes of fuel oil.

Ford unions will seek 'substantial' increase

BY ALAN PIKE, LABOUR CORRESPONDENT

FORD UNIONS yesterday followed manual workers at Vauxhall and announced that they will be pressing for substantial wage increases and a range of other improvements when they begin pay negotiations in the autumn.

Last year's nine-week Ford strike, which ended with a settlement worth about 17 per cent, spelt the beginning of the end for the Labour Government's 5 per cent pay policy.

The Ford representatives, meeting in London yesterday, decided that this year they would put no figure on their claim. But they will insist that the company takes the effects of inflation into account and they also want index-linked protection against further inflation during the settlement year.

Vauxhall unions last week submitted a claim for 25 per cent rises on basic rates and it is likely that the Ford workers' notion of "substantial" is likely to be in the same region when negotiations begin in September.

Several features of last year's Ford claim will be revived in this year's negotiations. The unions decided yesterday again to press for a reduction in the working week—something which the company resisted fiercely last time—longer holidays, better pensions and a special allowance for production line workers.

Union negotiators also want to consolidate into basic rates the attendance allowance which formed part of the last settlement. This is not paid to workers in any week during which they are involved in any form of strike action and is designed to improve productivity.

However, as soon as it was agreed last year some shop stewards declared that they would work to abolish the arrangement.

Mr. Ron Todd, national organiser of the Transport and General Workers' Union and leader of the Ford negotiators, said yesterday: "We are not nailing statements to the wall about percentages or money increases. But we will be seeking substantial rises in a company which continues to be prosperous and we will want account taken of inflation."

The unions, he stressed, would be approaching the negotiations in a spirit of complete free collective bargaining.

Last year's strike moved back the Ford settlement date and the new agreement is not due to come into force until late November—two months behind Vauxhall. In addition to the pay negotiations the Ford unions are seeking the introduction of a revised three-grade wage structure and separate talks on this will take place with the company in September.

Post Office in 11% deal

BY PHILLIP BASSETT, LABOUR STAFF

THE POST OFFICE has reached an interim pay settlement worth an average of 11 per cent with 12,500 managerial staff. A deal for a further 5,600 telecommunications managers has been referred to arbitration.

The Post Office Management Staffs Association (POMSA), which represents both groups, has instructed its members to call off their industrial action, which has included working to rule and refusing co-operation.

The interim settlement for middle- and junior-grade postal managers gives a 9 per cent increase, backdated to January 1: a further payment of £120 on June 1 to cover pay disparities with telecommunications staff; full consolidation from July 22 of three outstanding pay policy supplements and a productivity payment of 1.4 per cent.

Union officials estimate that the deal, which is broadly in line with the 10.2 per cent plus consolidation agreed for the 200,000 Union of Post Office Workers' members, is worth an average of about 11 per cent.

Negotiations are expected to re-open soon, after the settlement last week of up to 20 per cent with the Society of Civil and Public Servants, which represents about 6,000 staff of similar grades in telecommunications. Officials of POMSA estimate that increases of a further £1,000 might be needed.

The union has negotiated a settlement for its 600 Post Office catering managers, giving increases of 9 per cent from January 1 for the lower grades and from April 1 for higher grades. January grades will receive a further 4½ per cent and April grades 2½ per cent for moving to a common settlement date of July 1.

Both groups will receive a further 2½ per cent from July 1 for a commitment to pay grading and efficiency proposals.

The union's claim for increases of about 25 per cent for its 5,600 telecommunications managers has been referred to the Advisory, Conciliation and Arbitration Service. The Post Office has offered 9 per cent increases plus 5-7 per cent for re-grading, and 2 per cent for productivity.

The Post Office executive of the Civil and Public Services Association may decide tomorrow to put an offer similar to the POMSA package to its 37,000 postal members for consultation.

Glass process men plan action

BY NICK GARNETT, LABOUR STAFF

SHOP STEWARDS representing process workers at Pilkington's 12 factories are due to meet on Thursday to discuss what form of industrial action to take over a pay claim.

A ballot of process workers, members of the General and Municipal Workers Union, had shown a more than three to one majority for action against the UK's largest glass maker.

Pilkington has offered 15 per cent to the 8,000 workers in a package similar in size to that offered to craftsmen and white collar staff.

The package for process workers, however, involves 11 to 12 per cent increases on basic rates which have been rejected.

"The company must accept the fact that they need to ensure increases of more than 12 per cent on minimum rates to avoid confrontation," said Mr. David Warburton, the union's national chemical and glass industry officer.

"The union does not seek conflict but the company must stop trying to enforce their arbitrary policy on pay—they must negotiate realistically."

The company, which manufactures, among other products, glass for the motor and construction industries, said yesterday that the offer was a very fair one. For an average grade shift worker it would lift weekly earnings from £105 to £122.

Thursday's meeting will consider a number of forms of industrial action although a strike would appear unlikely at this time.

Talks on future Labour-TUC links

BY OUR LABOUR CORRESPONDENT

THE LABOUR PARTY national executive committee and TUC general council will tomorrow consider a document examining the progress and future of the liaison committee which links the two bodies.

Liaison committee members discussed the document yesterday and it was approved later in the day by the TUC finance and general purposes committee.

One issue examined in the four-page document is the need for a clear policy about the way in which a future Labour Government would return to public ownership State assets sold off by the present Administration.

The document also recalls that the liaison committee, which consists of senior members of the Parliamentary party and union leaders, first met early in 1972. It takes the view that the policies then being pursued by the Heath Government failed once and would do so again.

Members of the TUC economic committee also met yesterday and approved a meeting with Sir Geoffrey Howe, the Chancellor, later this week at which they will protest about the impact of proposed expenditure cuts.

No agreed cure for Joseph 'spasms'

BY PHILIP RAWSTORNE

LABOUR MPs responded with outraged protests yesterday to what they termed the latest of Sir Keith Joseph's "doctrinal spasms."

Disaster, they predicted, would be the inevitable outcome of these successive attacks of political-economic madness.

But the symptoms they had to deal with yesterday were so varied that their diagnosis sounded somewhat perplexed and uncertain.

There was some difference of opinion on the remedial treatment which should be provided.

Sir Keith's desire to sell shares in the aerospace industry was promptly identified as a peculiar form of insanity.

Mr. John Silkin, the Labour spokesman, suggested after a quick glance across the dispatch box that it would reduce us all to subcontractors to the United States.

"We believe that the strengthening and not the weakening of the publicly owned industries is vital to the economy," he declared.

But Mr. Silkin appeared less sure than some of his leftwing backbenchers that a future Labour Government should begin another transplant operation.

"The question of restoring these assets to public ownership and on what basis will be subject of urgent consideration by the Labour Party in the coming months," he said.

Mr. Tony Benn seemed to doubt whether Sir Keith's behaviour really warranted the description of "denationalisation" in the first place.

Sir Keith, adding to the air of bemusement, agreed that it was more properly described as "a participation between public and private enterprise."

He also relieved his strong commitment to market forces with a little nationalist fervour—assuring MPs that there would be no danger of foreign control of the industry.

Things became even more confused when the Commons turned to the Government's plans for shipbuilding and had to probe Sir Keith's mind at second hand.

Mr. Adam Butler, Industry Minister, who made the Government statement, appeared so sympathetic to the industry's problems. But it was some time before Labour MPs grasped the full rigours of the treatment he was prescribing.

The Government wanted to see a viable and flourishing industry, Mr. Butler said, but so far this year there have been no signs of recovery.

"My consultations afford few grounds for optimism," he added. There would be a two-year convalescent period, paid for by the Government, in which the industry would have to pull itself around, Mr. Butler told MPs.

Mr. Silkin complained that all that would happen would be that the industry would waste away. Two years of the Government's treatment was not enough to ensure an upturn, he said. It might well leave "virtual destruction."

Further contraction was inevitable, Mr. Butler agreed. But he stoutly resisted the Labour protests as well as the Tory demands for a more rapid dismemberment of the industry.

Other scrap and build schemes, he suggested, were among the remedies that should be tried first.

Talks on 16-plus

By Michael Dixon, Education Correspondent

THE GOVERNMENT will not proceed with its predecessor's plans for a new single 16-plus examination system until further consultations have been held with a particular view to preserving the standards represented by GCE Ordinary levels.

Mr. Mark Carlisle, Secretary for Education and Science, told the Commons yesterday that Labour's scheme for a replacement to the present dual system of O levels and the Certificate of Secondary Education, would not necessarily have safeguarded educational standards.

Move to curb Euro-expenses

BY ELINOR GOODMAN, LOBBY STAFF

LABOUR'S 17 European MPs may not be allowed to keep all the expenses allotted to them by the European Parliament.

Some members of the party's National Executive Committee feel that at least part of the £20,000 plus per year paid to members as expenses over and above their salary should be channelled through party headquarters.

They are expected to bring up the subject at the next meeting of the committee set up to bring together European MPs and executive members and to ensure that the European members do not go off on a limb of their own.

Before the direct election, the NEC passed a resolution saying that any expenses paid to the Labour group in Europe should be channelled through Transport House.

All prospective candidates had to agree to this in writing. But the arrangements for expenses announced in Strasbourg last week made nonsense of this undertaking, as the money is to be paid direct to members rather than to the groups.

The MPs, who will also receive the same basic salary as a Westminster MP, will have to account to the Parliament for how they spend all but £3,700 of the total, but there is a feeling among some Westminster MPs that the expenses are more than adequate.

To a British MP, for example, the £13,500 made available for secretarial and research assistants seems generous.

The Labour group at the European Parliament argued that MPs should have to account for the money rather than being given a blank cheque. Nevertheless, some of them might resist any move to make them pay any of the money to Transport House.

The Labour Party was originally opposed to the whole idea of directly elected MPs for Europe. Once it came round to the idea, it was adamant that the European members should not receive more money than the Westminster ones.

More help for criminals' victims

WILLIAM WHITELAW, Home Secretary, today announced a new "get tough" policy over young offenders against whom criminal compensation orders are made.

He is issuing new guidance to magistrates' courts, which will put the emphsis on continued effort to secure the enforcement of the order in the interests of the victim.

This replaces previous Home Office advice that, to give the offender a fresh start, compensation orders outstanding against those sentenced to borstal or detention should not normally be enforced.

Mr. Whitelaw said: "The Government is determined to see that the victims of crime are not overlooked."

His "law and order" announcement came in a written Commons reply to Mr. Ivan Lawrence (Burton) on the operation of the Criminal Injuries Compensation Scheme.

Mr. Whitelaw said the scheme is to be extended experimentally to cover victims of violence in the family from October 1.

But he made clear that there will be safeguards against the possibility of collusion or abuse.

Another major change in the scheme, which has paid out more than £50.5m since 1964, is the raising of the limit of earnings which may be taken into account when assessing compensation for loss.

This is aimed at ensuring full compensation will be payable to the great majority of policemen.

The scheme has previously excluded victims who were living in the same family at the offender, partly because of the difficulties of establishing the facts in such cases and partly because of the risk of the offender's benefiting from any award.

A working party agreed with the Criminal Injuries Compensation Board itself that, in view of the considerable public concern about the number of women and, in particular, children who suffered violence within the family, some effort should be made to overcome these difficulties.

Safeguards accepted by the Government are:

- That applications should normally be considered by the Board in cases of family violence only where the offender had been prosecuted for the lelevant assault.
- That the injuries should be sufficiently serious to justify compensation of at least £500.
- That the Board should be satisfied that the offender would not benefit from the award.

The extention of the scheme will be on an experimental basis so that an assessment can be made of the effect of these safeguards before any attempt is made to include them in legislation.

CLEARING BANKS SETTLEMENT

BY NICK GARNETT

A recipe for awkward pay deals

THE LACK of a national agreement in a cohesive industry such as banking and the multiplicity of staff representative bodies is a recipe for awkward, time-consuming settlements and questionable industrial relations.

This is the one particular lesson to emerge out of the English clearing banks pay dispute which is finally drawing to a scrappy close.

It has also highlighted negotiating frailties when an industry's traditional labour relations support—in this case the use of compulsory arbitration—is swept away.

Negotiations this year have pointed to new pressures working on the Banking, Insurance and Finance Union and, in the case of industrial action which shut computers at Midland Bank, the growing ability of white collar staff to exert pressure on management.

Just over 200,000 clerical, computer and managerial staff in the five English clearing banks—Barclays, Lloyds, Midland, National Westminster and Williams and Glyn's — are covered by the same level of settlement. This directly affects pay deals in most other City institutions.

The staff negotiating bodies BIFU, which has members in all five banks, the Association of Scientific, Technical and Managerial Staffs which has a minority membership in Midland, and non-TUC affiliated domestic staff associations in Barclays, National Westminster and Lloyds.

Until the beginning of last year these staff were covered by national negotiating machinery which included compulsory arbitration of disputes.

This machinery was broken up last year when BIFU, withdrew in a continuing row with the staff associations over voting rights on the staff council and other issues.

This year's pay negotiations—which have involved industrial action by Midland computer staff and balloting by the union for further action in High Street branches — has been difficult because the staff bodies, not surprisingly, have been seeking new money rises of at least 15 per cent in line with many settlements at the end of the current wage round.

The dispute has highlighted the negotiating frailties when an industry's traditional labour relations support — in this case compulsory arbitration—is swept away. It has also shown the growing new pressure facing management.

Much of the difficulty, however, has centred on the multiplicity of staff bodies and the unwillingness on the part of the union and the staff associations to settle first in case that settlement was improved by a competing staff union.

In the end, BIFU forced the pace to achieve what will be the general settlement for clerical grades 1 to 4 while the staff associations, which have higher membership among senior staff and have been seeking restoration of differentials are securing a further 2½ per cent new money for supervisory staff and managers.

Minimum and maximum salary rates are being raised from £1,683 to £1,978 and £2,534 to £2,978 respectively for grade 1. Minimum and maximum rates for grade 4 will be lifted from £3,471 to £4,079 and £4,815 to £5,662 respectively with similar rises for the middle two grades.

Special allowances are also being improved and the banks continue to point to other features in their existing terms and conditions, including low mortgage rates and non-contributory pensions. Present pay for supervisory and managerial staff looks like being raised by 17½ per cent new money range from just under £5,000 to £15,000 a year.

The pay negotiations have been to some extent a charade. The banks, through the Federation of Bank Employers have been negotiating with centrally-fixed offers. The union's executive has also ensured that it has been treating each bank's offer on a central basis.

This eventually developed into a thrust by the union within Midland where the union judged its position to be strongest.

The position has been made a little more difficult because Scottish clearing bank staff negotiate separately and have a different settlement date—April instead of July.

This has allowed BIFU to play-off one settlement against the other in relation to the pay differential that has occurred between Scottish and English bank pay.

This probably will be partly solved by the intention to have a common April settlement date next year. This would still leave the problem of national machinery however.

"We've got to make progress on this," says Mr. Ted Richards, director and secretary of the federation. "We can't have this messy and untidy operation for next year's negotiations."

Dr. Tom Johnston, of the Scottish Manpower Services Committee, has been investigating the creation of one staff body for the banks but has run into countless difficulties, largely because of the battle of influence among the staff bodies.

With the ending of formal national negotiating machinery and compulsory arbitration, the industry has had an important negotiating support removed which has resulted in considerable differences of opinion, particularly among employers.

Unless the banks and the staff bodies agree a new national negotiating structure, a prospect that appears to be receding, the industry is likely to be faced with the same set of unsatisfactory negotiations next year.

APPOINTMENTS

Head of music at EMI Films

Mr. Bob Mercer, managing director of the group repertoire division of EMI Records, has been appointed to the newly-created position of head of music operations, EMI FILMS from September. He will be responsible for co-ordinating the worldwide music interests of EMI films and will be directly responsible to Mr. Barry Spikings, chairman and chief executive of EMI Film and Theatre Corporation. Mr. Mercer will also become a member of the Board of EMI Films and will remain on the Board of EMI Records.

MR. BOB MERCER

★

Mr. John Groom has been elected vice-president of the SMITHKLINE CORPORATION. Mr. David Eberstein has been appointed UK overseas regional director of Smith Kline and French Laboratories and has been succeeded as head of the finance and administration division of that company by Mr. Philip House. Mr. John Laflin, manager group finance, takes over as company secretary. Mr. Martyn Greenacre, marketing director, Smith Kline and French Laboratories, has also been made chairman SK and F (Ireland). He replaces Mr. Laurie Flockhart who has resigned the chairmanship but remains a director. Mr. Karl Quinn continues as managing director SK and F (Ireland) and is appointed deputy chairman.

★

The Board of S AND P COIL PRODUCTS, the newly-formed subsidiary of Halma Group, consists of Mr. D. S. Barber, chairman, Mr. M. J. Arthur, Mr. M. F. Hunt, vice-chairman, Mr. D. B. Palin, chief executive, and Mr. J. W. Coe, sales.

★

The Minister of Agriculture has reviewed the appointments of Mr. J. K. Dick and Mr. E. Evan Kingston as members of the COVENT GARDEN MARKET AUTHORITY.

★

Dr. Bernard Donoughue has been appointed development director of the ECONOMIST INTELLIGENCE UNIT. Dr. Donoughue was senior policy adviser to the Prime Minister at Downing Street, where he was in charge of the policy unit from 1974 to 1979.

★

Lord Lever of Manchester, the former Labour cabinet minister and financial adviser to successive prime ministers, is to join the Board of the GUARDIAN AND MANCHESTER EVENING NEWS. Formerly Mr. Harold Lever, he became a life peer in Mr. Callaghan's resignation honours. Lord Lever was born and educated in Manchester and was MP for Manchester Central.

★

The Governors of WELLINGTON COLLEGE have appointed Dr. D. H. Newsome, head master of Christ's Hospital, as Master of the College in succession to Mr. F. F. Fisher, who retires on August 31, 1980.

★

Mr. Francis Walker has been appointed managing director of SIGMUND PULSOMETER PUMPS, a member of the SPP Group, in succession to Mr. L. P. Goudge who is now chief executive of the group's fire engineering division.

Mr. Francis Walker

★

Mr. Hans-Henning Erdmann, senior vice-president of LANDESBANK STUTTGART (Wurttembergische Kommunale Landesbank Girozentrale, Stuttgart, Germany) has been appointed general manager of the Bank's London branch which opens on August 15.

★

Mr. E. E. Holland has been appointed a director of UNITED STANDARD INSURANCE COMPANY and VIGILANT ASSURANCE COMPANY from August 1.

★

Mr. J. M. Felker has been appointed executive director sales and marketing for the PERKINS ENGINES GROUP. He will be responsible for the sales and marketing operations of the group worldwide, with the exception of Brazil, where both the sales and manufacturing operations report directly to the group chairman, Mr. M. R. Hoffman.

★

The Earl of Cromer has been appointed a director of BARFIELD TRUST COMPANY, GUERNSEY, which is owned jointly by Baring Brothers and Co., London, and the Bank of N. T. Butterfield and Son, of Bermuda.

★

Mr. Dave Beadle has been appointed assistant treasurer of the INSTITUTE OF MANAGEMENT SERVICES.

★

Mr. Michael Healey, the company's representative in Scotland, and Mr. Simon Whitney-Long, have been appointed managers of the UNION DISCOUNT COMPANY of London.

★

Mr. M. Clipsham, previously manager, research and information section, corporate finance division MIDLAND BANK has been appointed as assistant general manager responsible for the market planning department. He succeeds Mr. T. E. H. Crawford, who has become a regional director Midland Bank.

★

Mr. Charles Dallas and Mr. Ivon C. Storey have been appointed to the Board of SUNDERLAND AND SHIELDS BUILDING SOCIETY.

★

Mr. Neil Coupland has been appointed operations director of GLOKTIK Management.

★

Mr. John Hemsley, a director and general manager of Wm. Carling and Co., a division of WESTMINSTER PRESS, has been appointed to succeed Mr. Francis Wilcox as a director and general manager of the Oxford Mail and Times division.

★

Mr. Nicholas J. Leonard is to join the main Board of MILLBANK ELECTRONICS GROUP on August 1.

★

Mr. S. E. Henderson-Smith has been appointed managing director of C. M. CORRECTIONAL SECURITY, the UK subsidiary of C. M. Windows and Stained Glass, of Montreal, which makes high quality steel used extensively in fabricating security grilles. Mr. Henderson-Smith was previously a senior official with the home office.

★

Brigadier Sir Richard H. A. G. Calthorpe has resigned from the Board of ROWTON HOTELS.

★

Mr. G. S. Moss has relinquished his post as chief executive of EDBRO (HOLDINGS) but remains on the Board. Mr. Cyril Taylor, managing director of Edbro Limited, has succeeded Mr. Moss as managing director.

★

Mr. Geoffrey Turner has been appointed a director of THOS. W. WARD.

★

Mr. J. C. Burgh has been made director-general of the BRITISH COUNCIL in succession to Sir John Llewellyn from May 1 next year.

★

Mr. David Homfray has been appointed director and general manager of the wire division subsidiary companies of the TWIL GROUP.

★

Mr. Colin Morgan has been appointed assistant managing director of WALFORD STORAGE AND TRANSPORT, part of the Walford Maritime Group.

★

Mr. Barry John, former Wales and British Lions rugby player, has joined the Board of APEX PACKAGING (SWANSEA), for which he has worked in a part-time sales capacity for 18 months. The company produces industrial corrugated cases. Mr. Vivian Jenkins is chairman and Mr. Don Evans, managing director.

★

Mr. Frank H. Dearson, chief dealer, has been appointed foreign exchange and money manager at the London City office of BANK OF IRELAND. Mr. John A. Cornwall, formerly assistant chief dealer, has become chief dealer. Mr. Gerald P. Mooney, deputy manager, has been made vice-president at the bank's New York office and is succeeded by Mr. Desmond P. Norton, who was previously based in Waterford.

★

Mr. Dudley R. Winslet has been appointed vice-president and manager, exploration of TEXACO PRODUCTION SERVICES from August 1. He became assistant manager, exploration, of the company in London in 1975.

★

Mr. A. D. W. Robertson has been appointed a director of FULTON PACKSHAW from August 1 and Mr. J. J. O'Brien, Mr. M. J. W. South, Mrs. H. Luyke-Roskott, Mr. J. Ford and Mr. R. Mackenzie will become managers. Mr. B. K. R. Bennett is to be a director of CHARLES FULTON (FOREIGN EXCHANGE) from that date.

★

Mr. S. J. H. Coles has been appointed group chief accountant of THOMSON BRITISH HOLDINGS succeeding Mr. A. M. Lewis, who has joined International Thomson Organisation as treasurer. Mr. Lewis will be responsible for the headquarters' financial operations in Toronto, Canada. Mr. D. F. Heritage is retiring from the post of financial director of Times Newspapers from August 17 at the age of 60. He will join Thomson British Holdings, which owns 85 per cent of Times Newspapers, as deputy financial controller. Mr. Heritage will be succeeded as financial director of Times Newspapers by Mr. D. H. Lawson, who has been financial controller of Times Newspapers since November, 1976.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

INDUSTRIAL ELECTRONICS

MOTOR SPEED CONTROL PRODUCT RANGE

Well established manufacturer of electronic capital goods wishes to dispose of profitable product range of DC Motor Speed Controllers from ¼ hp to 10 hp, which incorporate state of the art design features.

Sales currently ½ million to leading OEM users in the U.K. but with further potential for growth. Would make a suitable additional product for a company already established in the field of Industrial Process Control Products.

Price to be negotiated for outstanding order book, stocks, full manufacturing information and technical know-how, manufacturing and design test equipment.

For information write Box G.4219, Financial Times, 10 Cannon Street, EC4P 4BY.

Sale of Group

INVESTMENT OPPORTUNITY S.E. ASIA & AUSTRALIA

Small construction group operating in Australia, Indonesia, Malaysia, Singapore and Thailand wishes to sell controlling interest.
Group's Activities include: Plant Hire; Anti-Corrosion Protection; Earthworks and Mining; Structural, Mechanical, Piping Installations.
Group's Turnover 1978—Singapore Dollars 18,000,000.
Areas of Industry services include: Oil and Petrochemical; Mineral Exploration and Processing; Mining; Heavy Industrial Plants.
Potential for expansion is excellent. Major construction works to be commenced in region have large content of possible participation for group.

Group is under-capitalised and lacks depth of management. Interested parties would have to be prepared to participate in operations and provide top management. Operations are currently controlled from Australia.

For further information please write to: "Sale of Group," P.O. Box 8100, Stirling Street, Perth, Western Australia 6000, Australia.

ELECTRO-MECHANICAL PRODUCTION/ DEVELOPMENT CAPACITY REQUIRED

We have an Audio Visual machine project which has stopped, due to the death of our Managing Director, thus forcing the company into liquidation. We therefore require a company with the above capabilities, to take over this project from the manufacturing and development standpoint. Existing *stocks of parts are available for purchase at below market value, to enable* this investment to a manufacturing company with this capability. Substantial selling potential exists for the equipment, both in the United Kingdom and on a world-wide basis. Agency agreements have already been reached with several overseas companies, and orders are in the pipeline throughout the United Kingdom.

Please reply in the strictest confidence to:
Box G.4237, Financial Times, 10, Cannon Street, EC4P 4BY.

BETONASFALT CONSTRUCTION COMPANY LTD.

SEEKS U.S.$3.35 MILLION ADVANCE PAYMENT BANK GUARANTEE LETTER FOR A CONSTRUCTION PROJECT IN LIBYA

TELEX: 523601 BETAS D MUNICH — W. GERMANY

BUSINESSES FOR SALE

EQUIPMENT MANUFACTURERS

One of the leading UK manufacturers of industrial catering equipment is for sale as a going concern. The premises which are sited within easy reach of the motorway network consist of the following:

1. 135,000 sq. ft. of well equipped factory space.
2. 5,750 sq. ft. of prestige office accommodation.
3. All on a 5-acre site.

There is a stable workforce which, in addition to producing catering equipment, is engaged in a heavy fabrication business with several successful product lines.
Principals only please write Box G.4232, Financial Times, 10, Cannon Street, EC4P 4BY.

PAPER MERCHANTS BUSINESS FOR SALE

Established and expanding merchants dealing in general range of papers and boards to UK Market. London based. T/O presently running at approx. £800,000 p.a. Good name and strong trade connection. Continuity of management if required. Offering considerable growth potential.
Principals only apply to Box G.4235, Financial Times, 10, Cannon Street, EC4P 4BY.

EXCEPTIONAL OPPORTUNITY TO ACQUIRE A MODERN READY-MADE PRODUCTION UNIT

with excellent Plant and Equipment able to produce turntables and speakers for the Hi-Fi/Audio market.
Superb factory available on lease situate on the outskirts of BELFAST, NORTHERN IRELAND
All enquiries to:
G. F. SINGLETON & CO.
53 King Street, MANCHESTER M2 4LR Tel. 061-832 8271

FOR SALE

Packaging Company (Turnover £400,000 p.a.) Net assets: £75,000
As part of reorganisation to concentrate activities in narrower field, parent company has controlling interest for sale. Company has own Management Team and is located in the South. Further substantial capital investment is needed to secure excellent growth prospects.
Write Box G.4233, Financial Times, 10, Cannon Street, EC4P 4BY.

FELT MANUFACTURERS FOR SALE

Well-equipped modern felt-making business for sale as a going concern; occupying premises of approx. 21,000 sq. ft. Halstead, Essex.
Apply: BAIRSTOW EVES
Provincial House
218/226 Bishopsgate
London EC2M 4QD.
Tel: 01-377 0137

FOR SALE

Small, well-established, "up-market" Personnel Consultancy (Limited Company) with good client list of prestigious London companies. Well-appointed office suite in SW1—lease newly negotiated for further term—principal to stay without equity on contract if wished.
Write Box G.4234, Financial Times, 10 Cannon Street, EC4P 4BY.

FOR SALE

well-established
MECHANICAL HANDLING MANUFACTURING COMPANY.
Modern 12,000 sq. ft. premises. Substantial modern plant. Strong Management. Sales £250,000.
Located West Midlands.
Diverco Ltd., 4 Bank Street, Worcester. (0905) 22303.

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ABTA TRAVEL AGENCY

MAJORITY CONTROL FOR SALE—ESSEX LOCATION
Suitable for companies with substantial travel accounts or private individuals wanting to build into IATA agency.
Principals only need apply. No agents. Write Box G.4236, Financial Times, 10, Cannon Street, EC4P 4BY.

HOTELS AND LICENSED PREMISES

EAST NORFOLK. Country club for sale as a going concern. Restaurant; bars, swimming pool, squash courts. Close to holiday coast. Details from vendor's agents, Percy Howes & Co., 3, The Close, Norwich, NR1 4DL. Tel. (0603) 29992 (Ref. T.C.).

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100-tonne vessel immediately available, tested to 1987. Nitrogen filled, complete with all fittings and sprinklers. Very good painted condition.
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The Advertiser, Box G.4220, Financial Times, 10, Cannon Street, EC4P 4BY.

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CAN BE PURCHASED, LEASED, OR LEASE-HIRED as on-going concern for producing steel radiators for central heating systems. 2,000-ton automatic "Bliss" presses: also well equipped press plant suitable for automotive pressings and stampings. Single and double action presses up to 750-ton capacity x 108" bed.
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Contact: Ian Floyd, Export Manager, Osro Limited, Trubro House, Mark Road, Hemel Hempstead, Herts. Tel: (0442) 42181.

SALES OF VESSELS AFRICA/MID-EAST

Private company offers attractive terms to bona fide party introducing *buyers for two motor vessels (1,000/1,400 dwt).* Both top condition. Price for two £450,000. Only those with specific proposals will be answered.
Write Box G.4216, Financial Times 10 Cannon Street, EC4P 4BY

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Bought and sold in strictest confidence. *Also Half and Full* Sovereigns (pre-war) wanted minimum £40 each paid, if unmarked £50 paid.
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Gibault type for A.C. pipe
Available ex Stock. Large Quantity of Cast Iron Pipe Couplings for Asbestos Cement Pipe to BS 486. Sizes 2 ins., 3 ins., 4 ins., 6 ins., 8 ins., 10 ins.
Also Ex Stock:
BS 750 Type 2 Fire Hydrants—Table "E"
Sluice Valves to BS 1218—3 ins., 4 ins., 6 ins., 8 ins.—Table "E"
For details write to Box G.4229, Financial Times, 10 Cannon Street, London EC4P 4BY.

ENGINEERING COMPANY

is seeking products in mechanical *engineering suitable for development* and exploitation. Fields of gas, water, sewage and mining of special interest. Cash resources and manufacturing facilities are available.
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MR. J. A. DOUGALL

Director of Dougall Tobacco Manufacturing Ltd. and Dougall International Marketing Ltd., Tarxien Malta Europe is in London until the 28th July to meet interested commercial representatives in the Tobacco products marketing trade to study the possibility of introducing Malta-made hand-rolled cheroots. Phone 01-262 4501 at Windsor Hotel, Lancaster Gate, London, W2. Inquiries can also be made at the London Import/Export 1979 Exhibition (Malta Stand), Wembley.

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WANTED TO PURCHASE GROCERY WHOLESALE BUSINESS

Requirement is for a firmly established business with strong connections in the Grocery and/or soft drink retail trade. Import/export trading with Europe an advantage. Turnover between £250-500,000 pa but profit track record is not a prime consideration. Present management could be retained. Preferred location, Greater London area.
Principals only, please send in strict confidence brief details to: The Chairman, Box G.4157, Financial Times, 10 Cannon Street, EC4P 4BY

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wishes opportunities to purchase companies in this or closely allied fields.
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Young Company Director having experience in international trading, imports, exports, marketing, sales, barter trade, etc., plans to set up own office *with telex facilities in London shortly.* Seeks representation of overseas companies on either commission or regular fees basis. Assignments on exclusive basis considered. Write Box G.4225, Financial Times, 10, Cannon Street, London EC4P 4BY.

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PHONE MATE—America's best selling telephone answerers for world-wide use. Models from £145-£450. European Sales and Service Centre, 281A, Finchley Road, N.W.3. Tel. 01-431 0266.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● SAFETY AND SECURITY

Keeping control of the rudder

DEVELOPMENTS in ship steering by John Hastie of Greenock and Brown Brothers and Company (Vickers companies) ensure that a single failure in the hydraulic system does not prevent rapid recovery of the system.

Design meets other requirements now under discussion by the Intergovernmental Marine Consultative Organisation (IMCO) and is based on a four ram [illegible] power unit hydraulic system. This allows the system to be divided into two independent twin ram systems should [illegible] develop. The defective system is shut down while the good one maintains rudder control.

The [illegible] operates at half the designed maximum torque giving adequate control for emergency steering conditions. Alternatively [illegible] installation could be [illegible] to the maximum to give sufficient capacity for full control at maximum speed.

Loss of fluid is detected by float switches in the tanks, operating a logic unit which divides the system. Apart from restoring control, this action prevents pump damage by oil starvation.

Other types of fault show themselves by failure of the rudder to respond to the demand signal. In this case the logic unit can be activated by a manual control at the bridge. In the event of a complete power failure to the steering, the rudder can be arrested by manual operation of the rudder locking valve fitted to each cylinder. All the new components are fail-safe.

The gear can thus meet a number of other IMCO requirements: that steering should not be lost for more than 45 seconds: that restoration of at least limited steering should be possible without significant repairs: that failure should be capable of isolation: that arresting of the rudder should be possible in the event of a complete loss of steering: and that the system should isolate a fluid leak before total loss of oil has occured.

Strong wall safes

RELATIVELY low-cost heavy-duty wall safes can be supplied by Manx Electronics for installation in business and domestic premises to protect cash, jewellery, documents and other valuables.

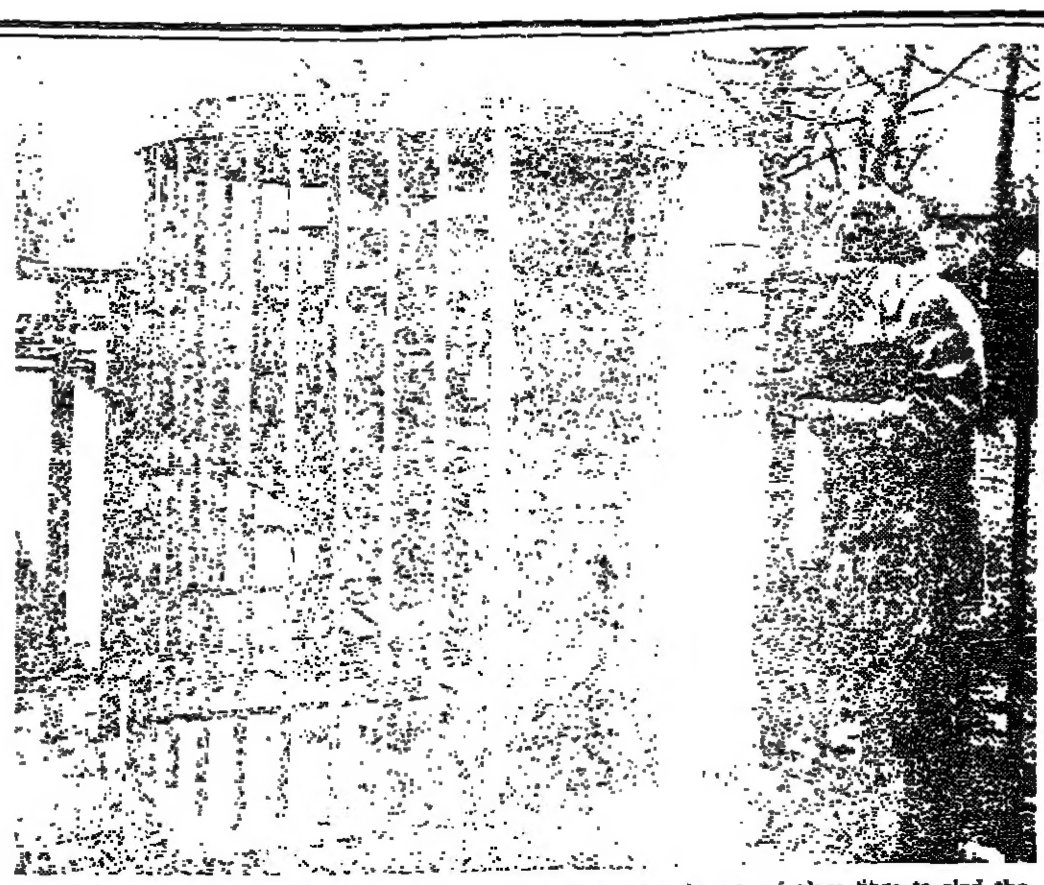
Four sizes are available, the smallest having a capacity of about the size of a building brick, the other three having volumes of two, three and four bricks.

Bodies are in full depth welded steel 3 mm thick on size one and 6 mm on the other three. Doors are up to 10 mm thick.

Sizes three and four have a removable shelf and all the safes are provided with an Abloy 10 disc tumbler lock. The keys are registered and extra keys will be supplied only against the signature of the registered owner.

The safes, which can be fitted into internal or external walls are priced from £30 to £55 and if desired a three ring combination lock will be fitted for another £25.

More from the company at 60A, High Street, Epping, Essex (Epping 77078).



Improvements to its personnel security turnstile, have been announced by Frontier Gate Company of Cardigan Street, Birmingham. Operated by a magnetic card access system its entrance has been redesigned to ensure that only one person at a time is able to pass through. A "go-no go" light is now also fitted to prevent unnecessary forcing of the turnstile. Latest modifications include the use of a zinc spray finish on the rotating steel turnstile barrier, and the use of glass fibre to clad the roof and entrance wall. Other methods of access can be supplied, says the maker, including digital control, and the access system can be adapted for stamping personnel cards on entry or departure. Operation of the turnstile is fully automatic, and a special feature is an override control, operated from a gatehouse, which locks the barrier, so that individuals can be screened.

Safety at the mill

OPERATORS of textile machinery as well as maintenance staff can be protected by means of a custom-designed arrangement of sequential key-operated guards and interlocks offered by Tolemus of 6, [illegible] Road, Todmorden, Lancs (070681 40301).

When the power is off, a withdrawn key isolates the [illegible] motor. It is then inserted in a time delay box after a [illegible] to ensure complete cessation of operation. A second key is released on insertion to a main key exchange box. As each machine service and [illegible] part interlock is [illegible] "dead" the relevant key is inserted into the service [illegible] of the main exchange box. When all the service keys are in position in the exchange, access keys are dispensed, permitting the opening of appropriate machine guards and [illegible].

After inspection or maintenance the machine guards are locked shut and the keys returned to the main exchange box. By reversing the procedure for opening, the access keys are locked in again to prevent accidental or unscheduled withdrawal, and simultaneously the individual service keys are released allowing machine supplies to be restored.

Detects illicit listening

ARGEN Information Services, London-based international security consultancy, has developed a mains borne carrier-current detector for use in protecting threatened areas from illicit eavesdropping by the employment of very low frequency carrier current devices.

This counters one frequently-used means of electronic eavesdropping over conventional electric power lines entering and leaving sensitive areas. This method employs a device called the carrier-current transmitter which can be built into electrical sockets or switches and within table lamps or similar electrical appliances. This clandestine transmission can then be intercepted through any socket on the same power phase. Such devices are applied in offices, hotels and apartment buildings where the listening point can be some considerable distance away from the target area.

Transmission by such devices is very reliable and uses a region of the radio frequency spectrum known as the VLF (Very Low Frequencies) band between 30-300 KHz. These low frequency signals have the ability to move along any wire path and are not normally detectable by conventional counter-measure receivers of "bug-detectors," since little energy is radiated.

It is to counter this particular threat that Argen has developed its detector, capable of checking the complete power circuit in a particular building from one power point. This VLF receiver covers the frequency range between 10-100 KHz and exhibits excellent selectivity and sensitivity to detect low power AM and FM carrier-current transmissions. The receiver has an in-built tone-generator in order to pin-point and locate the source of eventual carrier-current transmissions.

Argen, POB 136, London SW1P 1AA. 01-222 6112.

● DATA PROCESSING

Four ICL machines at bureau

COMPUTEL is installing its third 2960 computer. With all three operating alongside the existing 2976, it claims to be among the biggest ICL bureaux working on one site anywhere in Europe.

The new machine, operating under DME, has been ordered to meet a steadily increasing demand for service from 1900 users. These include organisations with overloaded 1900 machines whose management have not yet contemplated a switch to 2900. Users planning to convert to 2900 are calling in the bureau for testing and evaluation.

Some already into 2900 operation are using the time and resources of the bureau, in preference to their own, to create and experiment with new software and operating procedures.

Computel, Old Bracknell House, Crowthorne Road, Bracknell, Berks. 0344-26762.

Big machine at work

LOWNDES-AJAX, one of the largest UK data service organisations and a member of the Hill Samuel Group, has become the first customer to instal an Itel Advanced System 7031 in the UK, at its Croydon computer centre.

The AS/7031 has a performance capability greater than the IBM 3031 while offering savings in space, heat and weight. The machine replaces an IBM 155 and is compatible and works in tandem with an IBM 158 Attached Processor.

The 7031 is being used mainly as an interactive processor, including both financial planning and personnel information services.

Significant is the fact that within a week of signing the contract the 7031 had been installed, satisfactorily tested and was working alongside the IBM machine.

Itel International, Bowater House, 68 Knightsbridge, London SW1X 7LN.

Prints and displays

MADE IN Switzerland and available from Hermes Precisa is the model 3700 desk top calculator which as well as printing the numerical calculation data will also print associated information such as invoice number, date or some other reference up to six digits long, on the same line.

The remaining eight digits of a printed row are for amounts and will show negative quantities such as credits in red.

Memory system has three registers to simplify even the most complex calculations; frequently used values can be stored and used when needed while the date continues to appear until changed.

There are also pre-programmed functions for calculating gross margin and selling price, and for the calculation of increase or decrease in absolute and percentage value for budget control. Price is £190 ex VAT.

More from the company at 28 Borechurch Road, Colchester CO2 7HQ (0206 48221).

● PROCESSING

Automated food canning plant

FOOD STERILISER with a memory of its own—using the Philips programmable logic controller with mini-processor technology—has been installed at Anglia Canners at King's Lynn, Norfolk, at a cost of £1m with the ancillary canning and packaging lines that link into it.

Known as Storklave, after the maker in Amsterdam, the machine can cope with three different can sizes and a variety of products, all in the same production run.

Some 648 operating permutations take into account can sizes, canning lines, labelling lines, sterilisation speeds and temperature.

Canning company has drawn up a complex letter and colour code for each product range with the result, it says, that it rapidly ran out of letters in the alphabet and colours in the spectrum and its flow chart began to resemble Clapham Junction in the rush hour.

Anglia boasts that its new machine revolutionises the processing of canned foods in that it transports cans slowly and delicately through the cooking system, yet—because it copes with products in bulk—its productivity is considerably higher than conventional single-line sterilisers.

Total production process at the factory is simplified with a straight line flow from product preparation through packing and cooking to labelling and warehousing.

Company eventually plans seven higher-speed packaging lines linked to the Storkclave, as well as a new shrink-wrap machine and a "bright can" palletiser for canning and storing unlabelled products.

● MACHINE TOOLS

Big Spanish borers

LARGE boring machines with spindles from 130 to 200 mm diameter, are now being marketed in the UK by Machine Tool Agencies, Wedgnock Industrial Estate, Rothwell Road, Warwick. The machines are manufactured by Sacem of Spain.

With this type of moving column machine, says the company, it is possible to have an extended longitudinal traverse with a number of working stations in front of it. For very large pieces, fixed floor plates can be provided and rotating tables up to 2,500 mm by 2,000 mm are available. These can accept workpieces up to 25 tonnes in weight.

On the largest model, with a 200mm main spindle, power is provided by a 60 hp motor which provides 30 speeds in the range 2.5 to 800 rev/min. The spindle traverse is 1,300 mm with 27 feed rates from 0.03 to 12 mm/rev. Alternatively, machines can be offered with infinitely variable speeds and feeds via DC motors.

● SERVICES

Machinery kept in trim

SPECIALIST surveys of plant machinery which can bring production increases of up to 15 per cent are available through the UK-based Forrest Organisation, Bury, Lancashire.

Founder director Neville Forrest, a paper industry engineer, has pioneered the optical survey technique. He returned recently from the United States where his team of survey technicians increased the productivity of a 50-year-old paper mill by 10 per cent.

Part of the service involves the use of sophisticated geometric measuring equipment to measure crucial tolerances of parallelism and alignment. Machine misalignments to within five thousandths of an inch are identified and corrected to provide trouble-free running and minimal power loss.

A survey may cost between £200 and £1,000 depending on such factors as location, size of plant and whether weekend work is involved. The resulting programme of fault correction rarely costs more than £5,000; often much less.

The life of bearings, for example, can be doubled. Other critical moving parts are also given a longer life.

Some machines appear to operate without adverse effects even with defects of ½ inch and others react at the slightest misalignment. Machines can be adjusted by hand for immediate rectification of some faults, but this only introduces faults in other parts. The new faults are not usually immediately apparent but they can be twice as bad as the original one. This only adds to costs in repairs and replacements.

Forrest Optical Surveys, Brandlesholme House, Brandlesholme Road, Bury, Lancs. 061-764 9195.

● FARMING

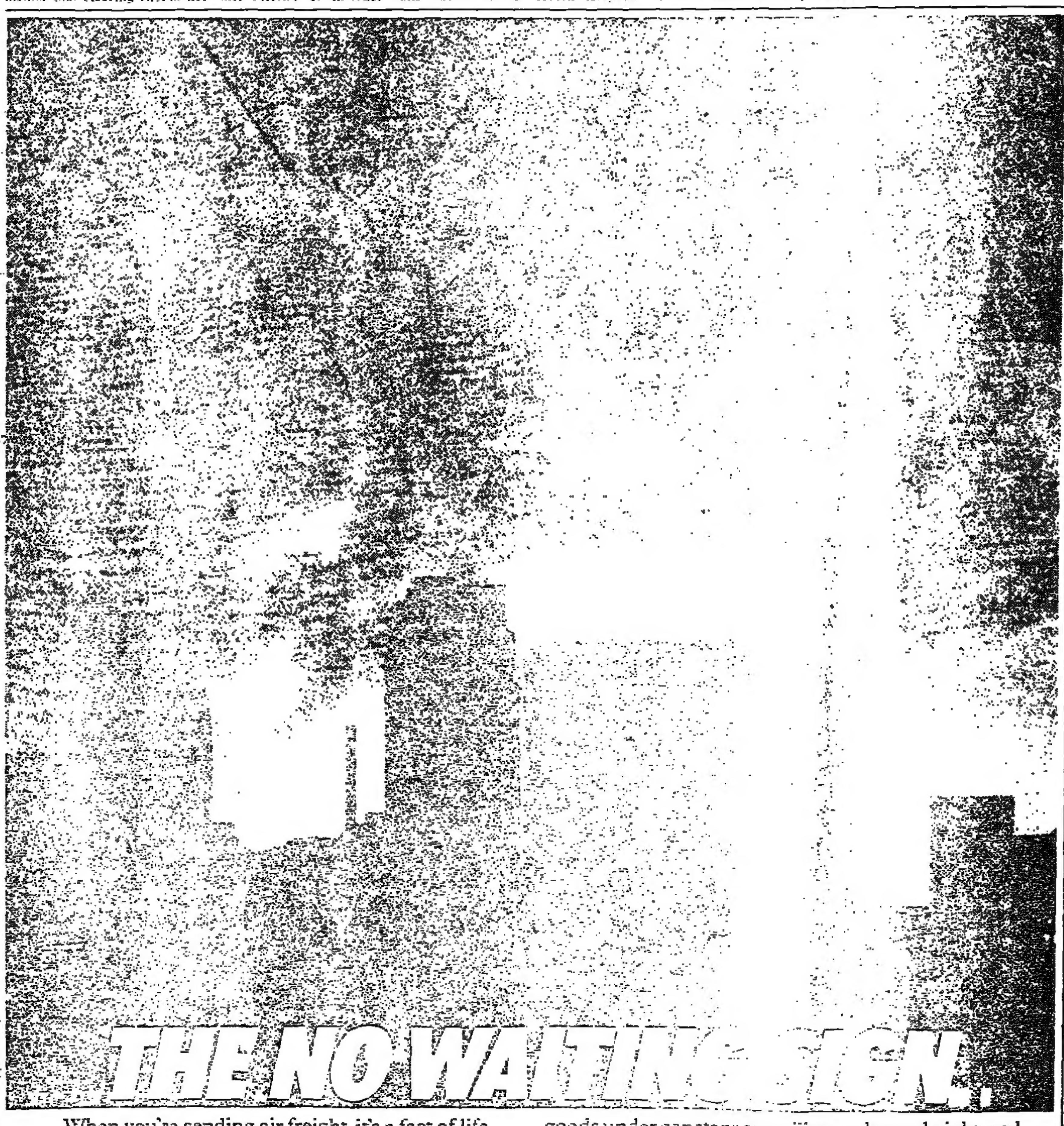
Improved tractors

A NEW 75 hp agricultural crawler tractor, an 85 hp tractor and an articulated tractor, were all launched at the Royal Show by International Harvester, P.O. Box 25, 269 City Road, London EC1 (01 253 8422).

Features of the agricultural crawler include a foot operated engine clutch, hand lever power-assisted steering clutch and foot operated band brakes for steering.

The articulated tractor is described by its maker as a breakthrough in row-crop tractor design and is said to have exclusive features which have resulted in improved stability, weight distribution and efficiency, allowing it to be used in virtually every type of farming operation and climatic condition.

The 85 hp tractor is available in two and four-wheel drive versions.



FINANCIAL TIMES SURVEY

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Industrial Distribution

British industry turns over its stocks a good deal more slowly than its main competitors. If UK manufacturers were able to achieve stock-turns comparable to those achieved by West German companies, stock levels in general would be 40 per cent lower, which—at today's prices—would release more than £20bn of working capital for use elsewhere.

The high cost of excess stock

By Colin Jones

IT IS generally a good rule to be suspicious of generalisations. But in the area of industrial distribution the evidence of international comparisons of stock output ratios is so overwhelming that it is difficult to resist the conclusion that British industry turns over its stocks a good deal more slowly than its main international competitors.

Since stocks in factories, warehouses, depots, retail outlets and in-transit tie-up capital and since distribution costs (including insurance, packing, handling, storage and transport charges) can absorb anywhere up to a third of the final delivered price, it follows that there could be considerable scope for reducing costs and releasing funds for use elsewhere by paying as much attention to inventory and distribution management as is given to raising efficiency in production and marketing.

Yet, all too often, the responsibility for these functions is left to junior or middle management or—what can be worse—split between several individuals.

There are any number of exceptions, of course. One of *the major changes to have taken place in the past 30 years has* been in the rapid growth of low-margin, high-volume retailing of branded consumer goods—first in foods and, increasingly, in non-food lines. Short shelf-lives, rapid stock replenishment, computerised inventory controls and the development of specialised transport and *delivery services have revolutionised distribution techniques* in these sectors.

Yet, as Mr. Mervyn Grubb, chairman of GKN Distributors, *was able to show in a notable* presidential address to the Institute of Purchasing and Supply, last October, the overall record for British industry compares not at all favourably with those of other industrialised countries.

On a gross output basis, stock turns in manufacturing industry averaged in general about 4.4 a year in Britain, as against 5.2 in Denmark, 5.6 in West Germany, 5.7 in Australia, 6.6 in the United States and 8.0 in Japan.

Taking added value rather than gross output as the basis for comparison—so as to avoid double counting—Mr. Grubb cited figures of 1.8 a year for the United Kingdom, 2.3 for Denmark and Australia, 3.0 for Japan, 3.1 for the United States, and 3.2 for West Germany.

In other words, we appear to be under-performing by 22 per cent against Denmark, 40 per cent against Japan, and 44 per cent against West Germany.

Another set of comparisons—albeit dating from the 1960s—which Mr. Grubb cited related the value of stocks to national income. These showed that stocks as a percentage of national income were 24 per cent in the United States, 25 per cent in Sweden, 23½ per cent in France and West Germany, and as high as 45 per cent in the United Kingdom.

Why the performance of UK industry should be so unfavourable *it is not easy to say.* Mr. Grubb thought the answer probably lay in three factors: the stop-go cycle which, up to the last few years, had been so characteristic of the demand management policies of successive post-war governments; the unreliability of deliveries from suppliers; and straightforward inventory mismanagement.

The first two factors can certainly not be dismissed. Time and again, industrial companies were encouraged by the evidence of rising demand to gear up their production schedules—and, with them, their stocks of materials, components, and work-in-progress and their plans for new investment—only to find themselves caught by a sudden reversal of fiscal and *monetary policies.*

It is equally obvious that unforeseen delivery delays can disrupt the flow of production, lead to imbalances in stocks, and —if the experience is sufficiently repeated—encourage the habit of holding a suitable buffer stock.

But, while it would be nice to believe that much of the blame should for excessive stocks should lie with causes such as these which are external to the individual firm, it is difficult to avoid the conclusion that the more important—and worrying —explanation is to be found in the area of *inventory* management.

One pointer is given from the results of a sample survey —again quoted by Mr. Grubb —which showed that the ratio of stocks and work-in-progress to sales tended to increase the larger the size of firm. In small companies, the average ratio was 20 per cent, in medium-sized companies nearly 26 per cent, and in large companies the ratio was more than 30 per cent.

Average stock turn—the number of times stocks were turned over during the course of one year—varied correspondingly. The smaller companies in the survey achieved a stock turn of 2.9 times, medium-sized companies one of 2.6, and the larger companies as little as 1.7.

Another pointer lies in the finding that UK companies tend to use about 60 per cent proportionately more labour in storage and handling of stocks compared to U.S. companies.

A third indicator was the instance of a company, which was the *subject of a Government*-arranged rescue in the mid-1960s, which was found to possess some £11m-worth of stocks, much of them obsolete, and which paid its purchasing manager all of £1,100 a year.

This last example, although somewhat dated, may not be unrepresentative. Inventory management requires a mix of managerial expertise. Yet the responsibility is often left to junior or middle grades of management, with little policy guidance from further up.

If the task is regarded as a function of the sales department, the objective will be to maintain a sufficient level of stocks to minimise the risk of *being caught by a sudden, rush* order. If it is treated as a function of production, stocks will again be maintained at a level that should ensure continuity of output and the achievement of long runs.

But are the costs always fully weighed? A recent survey by Barclays Bank showed that the annual cost of holding stocks can easily amount to as much as 20 per cent of their total value, if one takes into account depreciation, pilferage and wastage, insurance, storage, handling and distribution costs, and financing charges.

It is not simply a question of issuing edicts calling for a ruthless paring of stock levels, installing *modern stock handling and* storing equipment, or of setting up elaborate computer-based inventory recording and control systems. There are countless examples of companies that have re-appraised their distribution policies as a whole—and have been agreeably impressed by the savings they were able to achieve.

The geographical pattern of markets can change with time. So can the location and product loading of production centres, and the relative cost and capability *of different modes and* systems of transport. The optimum number and location of distribution centres will similarly vary in line with these factors—and with the development of improved techniques of inventory control. A system based upon, say, a dozen centres will inevitably swallow up a greater volume of stock *in situ* and in transit than one based upon just one central warehouse.

In the last 10 years a number of companies have begun to specialise in the provision of *tailor-made* distribution services, offering to undertake responsibility not just for moving goods from factory to retail outlet or industrial customer by a complete distribution package, including warehousing, inventory control, and the acceptance and passing on of replacement orders.

Integration

At another level altogether, there are many companies which now integrate distribution with *production and marketing* in their medium-term planning, and regularly re-appraise all three in the light of changing circumstances.

This is because they appreciate that distribution and inventory policy is of sufficient importance to be considered at the highest level, rather than delegated to a specialised function somewhere down the line.

They would seem to have a point. If industry as a whole were to achieve stock turns comparable to those which international surveys indicate that West German firms achieve, the level of stocks in this country would be about 40 per cent lower—which at today's prices *would release more than £20bn* of working capital for use elsewhere.

Apart from 12,000 sq. ft of storage facilities at this new £60,000 warehouse—opened by Midlands BRS at Banbury—the depot also provides handling, labelling and associated distribution services

Improved systems for exporters

FOR MANY years it has been considered vital that senior management in exporting companies should regard the movement of their products to overseas markets as an important matter, considering the large amounts of capital tied up in them and the cost of distribution.

Under the direction of the National Economic Development Office (NEDO), a great deal of work has been carried out in the past few years aimed at linking production and transport at management level, but the results have been disappointing.

The overall aim, initiated as part of the economic strategy launched in 1975, is a straightforward one which has perhaps been obscured through time and a great deal of discussion. It is simply to improve export distribution, on which many of the export objectives of the country depend.

The means of achieving this were spelled out in a recent report by the NEDO International Freight Movement Committee (EDC) but progress towards widespread acceptance of the recommendations has so far been slow.

Mr. Peter Wallis, the NEDO member on the committee (or Little Neddy), points out that a fair number of companies have fully accepted the need for changes and their representatives regularly attend conferences on the subject. The problem now is to gain wider acceptance and avoid preaching to the converted.

Speed and reliability of delivery of goods—vital factors in a successful export performance

Terminology

Much of the difficulty appears to involve terminology, and the phrase "total export concept" has been coined to describe an integrated system of dealing with the movement of exports in close relation to the company's activities as a whole. At present most companies suffer from lack of co-ordination in these activities and there is a tendency to sell first and think about movement later, or allow others to think about it.

The EDC report makes it plain that half-hearted export plans are seldom of great benefit. "Any company export strategy worth its name must call for an integrated control and development of production, selling, servicing, financing and distributive skills by top management," it says.

The importance of export efficiency is now heightened, its advocates believe, by the need to compete more strongly on non-price factors. As sterling's strength puts pressure on Britain's overall competitiveness, delivery and adequate supplies of spares can play a key role in securing orders.

This is regarded as particularly relevant in the case of Europe, since most of Britain's competition comes from European countries, often in circumstances where their products do not have to pass through ports to reach their customers. Moreover, the proportion of UK exports going to Europe is increasing steadily.

Mr. Wallis suggests that the final overseas customer is interested in three aspects of a product he buys: the price he has to pay for it, its performance and when he gets it. "There is generally a trade-off between these three things, and the exporter must be ready to help him make this trade-off."

A company's distribution function can, he believes, make an important contribution to this. For example, it can feed back advice on product design, perhaps leading to modifications which mean it can be packaged and shipped more economically and with less damage risk.

"In a company which is adopting the total export concept, this advice would be automatically sought and heeded. I expect that in many companies the distribution function is told that its job is to take the product and its design as given, and concentrate on getting it to the customer or distributor," Mr. Wallis says.

Similarly, overseas distributors should be seen as an integral part of the distribution function, as should the freight forwarder. The distributor's role is seen as important because he is the link with the customer, and unless the customer himself is satisfied, it is unlikely that the distributor will be happy himself.

"The business of ensuring that the distributor is offering the product to the overseas customer in the price and delivery form the exporting company wants, and is varying this combination as and when required, is an art. It is generally a job for top management," Mr. Wallis adds.

These are only some of the many aspects of the total export concept, which is certainly complex, both in concept and application. It is therefore worth looking at the main planks of the policy, laid out in the 15 recommendations in the EDC report.

The main conclusions of the report are that the gulf between production and distribution management in manufacturing industry is damaging to export performance, and that trade procedures and information handling have a decisive effect on the speed, efficiency and reliability of delivery of goods.

Aims

Briefly, the recommendations suggest that the total export concept should be broadly promoted within UK industry, with the particular aims of elevating the status of distributive management, promoting education, improving transport efficiency in general and generally eliminating technical restraints on exports.

Although it is impossible to encapsulate the details of the recommendations, which involve a large cross-section of industry, their main aim is to ensure that the many different transport functions are working effectively and are co-ordinated with each other.

The report attaches great importance to the elevation of the distributive managerial function in the eyes of top management. It says that where companies carry out their own distributive function through a shipping office or some other specialised department, there is much to be said for linking this to Board level finance and marketing activities.

Although marketing and sales departments are obviously important, it is suggested that the distribution manager plays an equally vital role in receiving payments and looking after a company's service reputation, with all it means for long-term relationships. "Chairmen and managing directors may well ask themselves if their own company decision-making arrangements adequately reflect the importance of distribution," it adds.

The difficulty in getting the correct message across to exporters, even at the most senior level, remains a cause for concern. At a recent conference at which companies presented a number of case histories, none was regarded as having achieved the total export concept in full.

There was a tendency, according to Mr. Wallis, for them to have got to the stage of an integrated distribution system, which could be regarded as a half-way step. As a result, with the help of the British Overseas Trade Board, a case history package in visual aid form is now to be widely shown.

Despite the slow progress on the scheme, efforts of those behind it will continue and the EDC is to meet shortly to review the position in relation to the recommendations it made. So far there is little evidence that any of these are no longer valid, but the problem of getting them implemented remains a serious one.

It is considered that many other countries, mainly British competitors in export markets, are more aware of the need for export integration, and have been more successful in achieving it. This is another reason why UK companies are being urged to take notice.

The advance of electronic technology is also put forward as a reason for more involvement. In the past, bottlenecks in the flow of information have been a limiting factor, preventing companies from reaping the benefits of the advances in transport technology.

The new developments in electronic data processing, however, are going to provide both the means and the incentives to improve this flow, and clearly lends itself to more integration, although it is recommended that this should only be introduced in a co-ordinated way.

It is apparent that exporters have a long way to go before the total export concept is understood and efficiently introduced, but the cost benefits are there. At a time when it is unlikely that many other costs can be significantly reduced, that in itself should be incentive enough.

Lorne Barling

Increasing demand for independent services

DISTRIBUTION COSTS are increasingly being seen by manufacturers of industrial equipment and components as an area where they must attempt to make savings. This has become particularly urgent as inflation has pushed up the cost of holding stocks, while considerations like the jump in fuel costs for the delivery of goods are eating into the already thin margins of many companies.

The system to which many manufacturers turn is that of the independent distributor or agent, which has long been employed in the motor industry and by manufacturers of certain capital goods. The important point about this method of distribution is that the delivery of the item is only the first point of contact between the manufacturer and the customer. The arrangement must also cover the servicing of the equipment and the replacement of parts that will inevitably be needed over the years.

The use of an independent distributor is also becoming increasingly common for components, where the customer might be a member of the public wanting a replacement for an item in his car, or the manufacturer of a piece of equipment who goes to the distributor for his requirements rather than to the original manufacturing company.

It is impossible to generalise about the distribution pattern in industry, except to say that usually the more specialised the product—a large piece of equipment for an electricity generating station, for instance, or a machine tool which has been specially designed for a particular customer—the closer the relationship between manufacturer and user, and hence the absence of the need for a distributor. At the other extreme, the more readily an item lends itself to being bought "off the shelf," the more likely it is that it will involve a distributor.

In between there are a very large number of products where the manufacturer might be doing his own distributing, but where the specialist independent distributors are increasingly trying to win him over. The practice differs widely from one sector to another, but it is possible to discern certain trends—as a look at a few of these sectors will demonstrate.

Engineering

General Engineering: For many items of industrial equipment which are produced in relatively large volumes the distribution of goods is tied in closely with the marketing of that product and its servicing. It is essential therefore that in setting up a distribution network, whether by the appointment of dealers or by establishing its own depots, a company secures good access to its customers.

Once the company has supplied the original piece of equipment to the customer, frequently through a distributor, it then enters into a long period during which the customer will come back for servicing and spares.

Take the example of a lift truck. If the distributor is part of the manufacturing company (usually the case) it will carry stocks of as many different parts as it can physically manage. The parts may be made by the manufacturer of the lift truck itself, or by a components manufacturer which is selling to a wide range of original equipment manufacturers. Normally the company will carry a stock of both types of components, which in turn is supplied to the distributor.

If on the other hand the distributor is an independent agent, it may well pay him to go direct to the components manufacturer. Alternatively, for many widely used parts, the customer himself may get his spares from the growing number of parts distributors which carry a range of manufacturers' stocks.

Independent distributors can sometimes have the upper hand over the manufacturer. It will be in their own interests to carry only the range of products which have the quickest turnover, otherwise they, like the manufacturer, are left having to finance slow-moving stocks. When customer demand is depressed, the distributor may well refuse to carry these items, while the manufacturer—fully aware that another company will meet the distributors' requirements—is not in a position to withhold supplies of the items more in demand.

This has happened in the bearings industry, where much of the replacement market is in the hands of distributors. For a wide range of engineering supplies there are cheap imports to be obtained, and distributors can always buy batches of these when a manufacturer refuses to supply.

For companies which are large enough to carry a wide range of replacement parts, and for distributors, much of the cost can be reduced through computerisation. Many original equipment manufacturers claim that they can supply more than 90 per cent of spare parts requirements within 24 hours of being notified. Computer analysis enables them to determine which parts are most frequently in need of being replaced.

A feature of the engineering industry is the large number of relatively small companies which specialise in particular components and equipment. Distribution throughout the country, often in quite small quantities, can be a problem. The growth of independent stockists—although not always to the advantage of the manufacturer—can nevertheless ease this problem considerably.

Vehicle Parts: Distribution of vehicle components also covers the supply of parts to the original equipment manufacturers and replacement parts. Companies like Lucas and Associated Engineering frequently have set up their own distribution networks, to which they have added the parts of other types of equipment.

This "wholesaling" of parts can be very attractive financially if well run. BL's Unipart subsidiary, for example, which stocks a wide range of components of other manufacturers as well as of BL, has proved a highly successful operation. The example for this type of activity came largely from the U.S., where the greater commonality of parts in American cars makes this sort of "supermarket" approach to distribution more manageable. Their success is based on the sort of service which can find a replacement part for a car owner within 24 hours—a far cry from the service which is available to European owners.

Components manufacturers

CONTINUED ON NEXT PAGE

Retailers fight to keep down costs

THE LORRY driver's dispute last winter—with its impact on supplies in the shops—clearly brought home the important role that distribution plays in the retail industry, as well as its almost total dependence on road transport.

More than 99 per cent of all food, drink and tobacco products distributed in the UK is carried by road, according to the Institute of Grocery Distribution. And the proportion for all retailing is very similar.

With over half a million shops of all types and sizes in the UK—one shop for every 127 people—it is clear that one of the keys to successful retailing lies in physical distribution management. Yet, because it is a "behind the scenes" activity, the importance of distribution is often forgotten in view of the more glamorous retailing activities such as marketing.

However, retailers are becoming increasingly forced to devote more time and resources to the problems of distribution due to the sharp rise in energy costs in recent years and especially during the current energy crisis.

Fleet

Tesco, for example, has a fleet of some 230 lorries which last year averaged some 800 miles a week. Every year, therefore, Tesco's own distribution fleet covers some 9.5m miles which, in turn, costs more than £600,000 for fuel alone.

Mr. Ian MacLaurin, Tesco's managing director, points out that "even a marginal increase in fuel costs can have a serious inflationary effect—and all the indications are that energy price rises will certainly not be marginal in the years ahead."

Rising energy costs mean that retailers are having to rethink the fundamental principles of distribution and the relationships between its component parts—transport, warehousing, depot location, and materials handling. For example, the increase in fuel costs suggests a larger number of small depots would be best—but against this has to be considered the increased costs of building materials.

Retailers are also becoming increasingly concerned at the possibility of legal control of discounts related to the cost of distribution—as happens in the U.S.—as well as having to come to terms with the impact of new computer technology on stock information systems.

In some respects, the complexity of retail distribution is lessened by the growing concentration of large multiples at the expense of small shops. Although 80 per cent of all shops are owned by small businesses (for example with 10 shops or less), they only account for some 43 per cent of sales volume.

Multiple stores — although numerically far fewer—account for 40 per cent of the market and are expected to over-take the independent shops shortly. The co-operative retail stores have some 7 per cent of the market, with department stores accounting for 5 per cent, and mail order companies the remaining 5 per cent.

But it is in the grocery trade —which accounts for a fifth of all consumer spending—where the problems of physical distribution have become most apparent. Price competition has always been relatively intense in the grocery market but over the past few years the rivalry for a greater share of a static food market has become exceptionally strong.

Retailers have attempted to boost volume sales at the expense of prices and profit margins — but the result has been to put increased pressures on distribution systems both to meet the higher volume of sales and also to reduce costs of distribution.

As the balance of power has shifted steadily towards the major grocery retailers and away from suppliers, so the responsibility for distributing goods has been taken by more and more retailers. Most multiples (who account for over half the grocery trade) now direct between 40 per cent and 60 per cent of turnover via their own depots, according to the Institute of Grocery Distribution. Asda, however, has all deliveries made direct from suppliers to the stores, while J. Sainsbury, at the other extreme, delivers 80 per cent of its sales via depots.

Having their own depot system has allowed retailers to exert greater control over distribution — essential for fresh foods, to obtain better terms from manufacturers, to reduce stockholding at branch, and to reduce the number of deliveries to stores. From the supplier's viewpoint, this has meant fewer but larger deliveries.

In the grocery trade, as elsewhere, it is still relatively unusual for companies to have a distribution director. A survey by the Mintel market research company found that only 14 per cent of manufacturers of consumer goods sold through grocers had a specific distribution director, while in more than two-thirds of companies surveyed the control of distribution was shared among other tasks by a director with multiple responsibilities.

Most major multiple grocery retailers have a distribution director in charge of depots and transport at least, although the IGD says that in several companies there is reported to be some friction between the distribution function and others, including buying.

Difficulties

The IGD also points out in a recent report the difficulties in establishing the full costs of physical distribution within a company, industry, or even the economy as a whole.

"Distribution by its very nature frequently cuts across organisational and accounting boundaries and activities included within the function by one company may be excluded by another," it says.

The 1970 A. T. Kearney and Co. survey, which is dated but still widely quoted within the industry, suggests that distribution accounts for some 16 per cent of retail turnover in total.

The Mintel survey found that only 7 per cent of the 78 grocery manufacturers surveyed believed that distribution costs exceeded some 10 per cent of sales, while 47 per cent reported them to be less than 5 per cent, and 45 per cent more than 5 per cent.

Another survey, by Harold Whitehead, gave typical figures of 11.8 per cent for a manufacturer delivering to store door, 4.25 per cent for a wholesaler delivering from a warehouse, and 1.2 per cent for a major retailer.

In the IGD's case-study report on grocery distribution (available from the IGD at Letchmore Heath, Watford) it shows that Gateway Foodmarkets state that physical distribution costs account for 3.5 per cent of grocery sales, 4.8 per cent of fresh fod sales, and 5 per cent of frozen food turnover.

Varied

There is a wide variation in distribution costs between companies in the same industry— as has been demonstrated by the National Materials Handling Centre. An examination of 20 companies in the grocery trade found a range of costs spreading by a ratio of 14 to one between the highest and the lowest. The constant search for economies of scale has been a stimulus, concludes the IGD, prompting most multiple groups and co-operative retail societies to develop centralised systems for many aspects of their business, including physical distribution.

But despite all the pressures for improved physical distribution management, one speaker at a recent trade conference described the retail approach as "still more of a philosophical concept than an established management function, perhaps because it is an unnatural or, at the very least, an awkward and unwieldy management tool."

David Churchill

Essential skills of the distribution manager

THE CENTRE for Physical Distribution Management has prepared a check-list of the diverse range of operations involved in efficient distribution. The centre suggests that while no single manager will be an expert in all the following areas, there are, however, certain basic skills required if appointments in distribution are to be filled competently. The centre suggests that the following list will be useful in recruiting distribution managers and in identifying and selecting skills where training may be needed:

(A) TRANSPORT:

Characteristics and suitability of each mode of transport for national and international operations; safety and operational legislation and documentation; road vehicle operations; vehicle design; fleet size and mix, scheduling, routing, and replacement policy; transport costing, rates and charges; choice between operating own account transport or services operated by outside organisations; contract.

(B) WAREHOUSING AND STORAGE:

The role of warehousing in distribution policy; location and use of warehouses; design and layout; storage methods and equipment; space utilisation; automated warehouses; choice between owned/leased warehousing and facilities operated by outside organisation; costing in warehousing.

(C) MATERIALS HANDLING:

Utilisation and its advantages—for example, pallets, containers; mechanical handling equipment; conveyor systems and pipelines; costing in materials handling.

(D) PACKAGING:

Packaging and its role in distribution policy; protection and security; size and shape problems; the effect of packaging on distribution costs; costing in packaging.

(E) SECURITY:

Avoidance of stock losses; pilferage; security in relation to the characteristics of the product.

(F) ADMINISTRATION AND ORDER PROCESSING:

Office routines; order processing systems; use of EDP in distribution.

(G) INVENTORY MANAGEMENT:

The theory of inventory management and its application to physical distribution policy and operations; control procedures and systems; security; the cost of inventory damage, obsolescence claims.

(H) PLANNING AND MANAGING A DISTRIBUTION SYSTEM:

Customer service and profitability: the inter-relationship with other functions; performance standards and selection of criteria; operational control systems, training and staff problems related to PDM, EDP systems and their application to PDM, O and M work study, and operational research; legal aspects of transport and distribution.

(J) ADDITIONAL ASPECTS OF INTERNATIONAL TRADE:

Problems and factors in distributing to overseas market; the transport concept; options available in freight movement; documentation and licensing; payment for imports and exports; facilitation of international trade; the role of government departments, including safety, environment, public interests, customs and tariffs; functions of international agencies—governmental and non-governmental.

(K) FINANCE AND MANAGEMENT ACCOUNTING IN DISTRIBUTION OPERATIONS:

Total distribution cost assessment; forecasting and budgetary control; cost assessment, industry costing methods, cost and profit centres, investment appraisal, life-cycle costing, and asset management; insurance and security costs.

Services

CONTINUED FROM PREVIOUS PAGE

are increasingly looking to this type of distribution, where, if they can persuade other manufacturers to allow them to do their distribution, they can build up a profitable business.

GKN declared this as an objective in diversifying away from the manufacture of some of its traditional products. Instead of building up a distributorship business based on its own products, it seems to have opted for an acquisition policy. Its recent bid for Sheepbridge Engineering was designed mainly to acquire Advance Motor Supplies, which provides about 25 per cent of Sheepbridge's turnover. GKN has also acquired Parts Industries Corporation in the U.S., which ranks the fourth in that market. GKN also added industrial distribution to its ranks when it acquired the Stern Osmat group of companies, which distribute goods to the leisure and do-it-yourself markets.

As more companies are attracted by the returns which can be made in distributing other manufacturers' products, the conditions will become more competitive. This may be to the manufacturers' advantage.

Electrical and Electronics Components. This is another area where the independent distributor is gaining ground. In the rapidly expanding electronics sector, one distributor estimates that 25 to 30 per cent of a manufacturer's output of integrated circuits, connectors and other high-volume items now goes through this network, and that in 10 years' time it will be 50 per cent.

In this case, however, the business is not in replacement parts but in distribution to the equipment manufacturers. A distributor buys large quantities of items that are much in demand from the manufacturer at a discounted price, and then sells them on to the company making, for example, microprocessor-based goods, at a higher price.

Their customers are sometimes companies whose requirements are not great enough for them to secure a deal with the components manufacturer, but very often are the same companies also dealing directly with the manufacturer. The advantage of using a distributor is it can be a more flexible arrangement, and saves the manufacturer the problem of carrying large quantities of stock and worrying over deliveries.

Volume

As with other types of equipment, however, the distributor is usually only interested in items which can be sold in large numbers, leaving the "fringe" items for the manufacturer to distribute himself.

Electrical components also lend themselves to similar distribution methods, ranging from large items of equipment to the sort of multiple items used in the manufacture of electrical goods. Generally it still holds true, however, that the larger and the more specialised the item, the more likely it is that it will be handled directly by the manufacturer. The scale of the distribution business in electrical supplies is put at around £1,000m annually.

The Thorn group's subsidiary, ERD, is engaged in the distribution of both consumer products and electrical components (it also has subsidiaries distributing electronics items and engineering goods). The entry of companies selling direct to the public has meant that the distribution of consumer goods for the company is now less attractive than distribution of electrical parts to industry, and it is now concentrating on the latter.

Other distributors big in electrical / electronics components are Newey and Eyr, and ITT.

Many people are quick to set up in the distribution business, seeing the advantages that can be gained from this type of service industry. Over a period of time, however, it will settle into a pattern where the larger companies will probably predominate. While in may areas the manufacturer's own distribution will continue to be important, for the products which have large markets the independent distributor will certainly grow in importance.

Hazel Duffy

Need for greater efficiency

THERE IS nothing quite like a sharp rise in oil prices to wonderfully concentrate corporate minds on the costs of distribution. And it is not before time, for according to a study by the National Economic Development Office, the costs of physical distribution in the UK averaged 16 per cent of company's manufacturing costs.

More important, the Centre for Physical Distribution Management—an organisation which comes under the British Institute of Management umbrella—says that while industrial costs will rise 70 per cent over the next six years, the costs of physical distribution will climb by 87 per cent.

The reason that distribution costs have risen—and will continue to rise faster than other industrial costs—is because it is both labour-intensive and energy-hungry. Any inefficiency in moving goods from the end of the production line to the customer is unnecessarily tying-up unproductive and expensive capital.

Yet, the level of awareness of the full costs of distribution among British companies—with the notable exceptions of the very largest, together with the retail business—is remarkably low. According to Ray Horsely, which has recent moved from industry to operate the Centre for Physical Distribution Management, there is a "frightening degree of *ignorance*" of the costs of distribution, or how they should be managed.

This view is widely backed by a number of management consultants who report growing business in helping companies organise their distribution efficiently. And nearly all delight in telling horror stories of how companies they go to help have only the vaguest notions of what distribution is really costing them, let alone knowing where the inefficiencies lie.

One of the major problems is that distribution is not run as a single function such as production or marketing. In many companies it may be a hotchpotch of minor functions, such as transport, warehouses, depots, administration and order processing, security, and so on.

While each individual department may be efficiently operated — or not as the case may be — they may be very efficient, as a whole.

The "total distribution concept," as a management idea, has been around for many years, but in spite of that — or perhaps because of it — it has not been widely applied, in practice.

The "total distribution concept" is that performance of any functional area is looked in terms of the whole rather than in isolation. For instance, while the warehouse manager and the transport manager individually might strive for greater efficiencies it could be that a change in practice which increased warehousing or perhaps material handling costs by considerably more, and provide an overall saving for the company.

By examining distribution in general, a number of "trade-offs" can be made between the constituent parts to improve overall efficiency. Indeed, these trade-offs can be made at several levels.

Example

At the lowest it might be two conflicting areas within a function, above that it is between functions within the total distribution area, for example between warehousing and transport. Or there be trade-offs between distribution and one of the other *major functions, for* instance is it cheaper to vary production rates than to carry higher stocks to meet varying levels of demand?

Yet another trade-off to be considered is between the company and the customer by, perhaps, reducing lead times and increasing sales against higher stock costs and generally higher distribution costs, that is, are the extra sales actually profitable?

The sheer complexity and number of different variables involved in determining efficient distribution patterns and methods is at the heart of the problem and may be behind management resistance in a number of companies to seriously tackle the problem.

How many companies could claim that their distribution could match the finesse of the marketing department or that it was as closely monitored and costed as production?

The total distribution concept, while very simple in itself, is dependent for its effectiveness on the ability to fully measure costs. In order to make decisions, a company needs accurate measurement of all the elements of distribution costs and the quid-pro-quo of the trade-offs.

While the fast rising costs of labour and energy may be working against reducing distribution costs at least falling costs of computers work in its favour for improving measurement.

The sheer magnitude and complexity of the variables within the total distribution also tends to mean that any review needs to be calculated by computer. The net result of such an examination not only provides guidelines on how to maximise the efficiency of the whole system it provides a vital analysis of customer profitability.

What can alarm companies analysing customer profitability is that where before they had allocated general distribution costs across the board and the product was profitable that they now find that while a proportion of sales are highly profitable there is a significant number of sales which are made at a loss.

Even after finding this out it will often suit companies to continue to cross-subsidise their customers. Alternatively a company can withdraw from a geographic area or customers which are unprofitable or finally it can work on its distribution structure to reduce costs of getting goods to unprofitable customers.

While industry in general has been slow to examine the possibilities for increasing efficiency in distribution there are at the other end of the scale some fervent advocates of the disciplines of distribution efficiency.

Practising "total distribution," at its basic level, is just good management in that decisions are made for corporate efficiency rather than that of one department.

It is, however, dependent on the efficiency and extent of the measuring systems which must give information across all functions. Where there is more than one product, the breakdown needs to be all the more detailed.

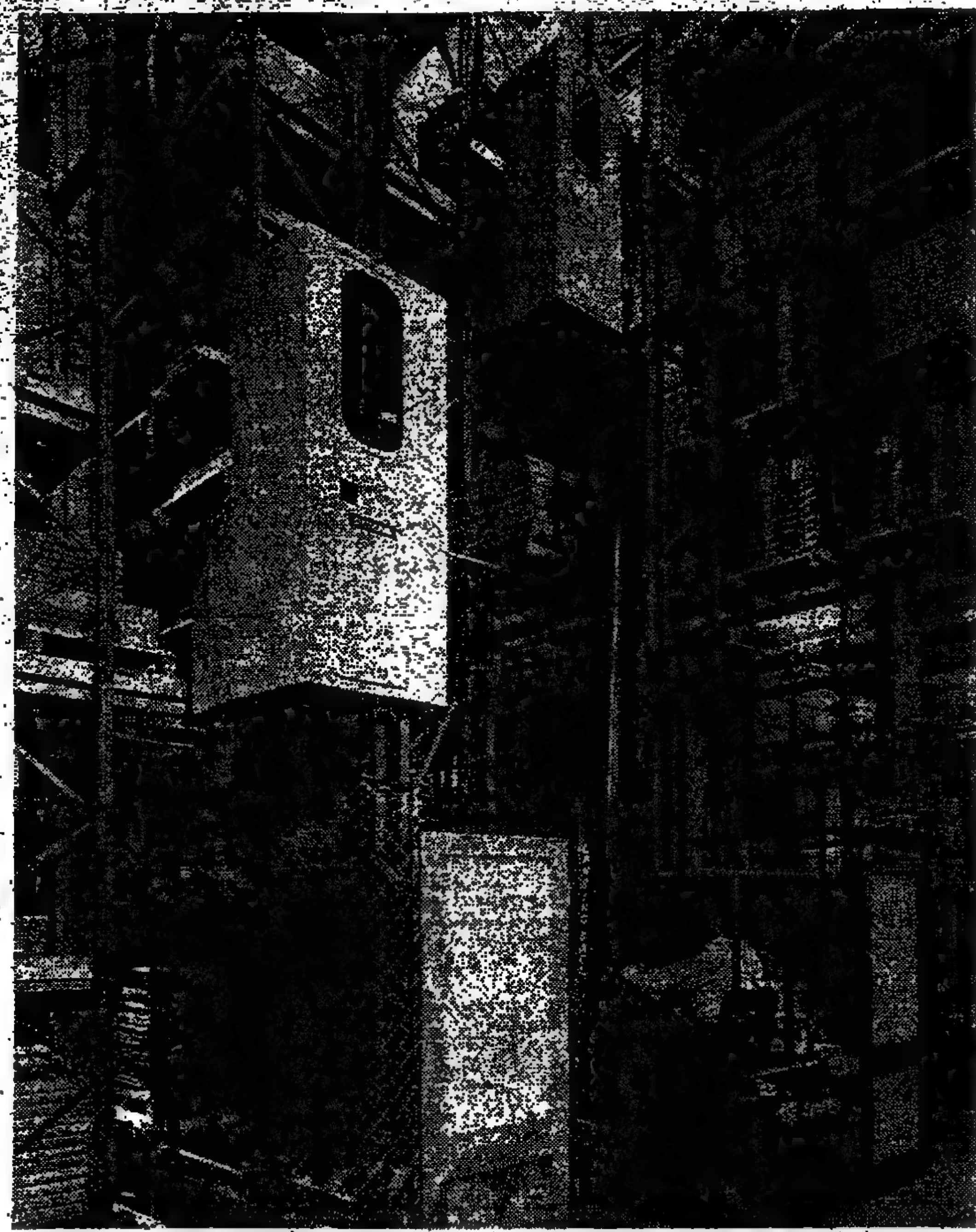
The problem is that measuring systems may be expensive, that the costs of changing the infrastructure of the distribution system may be such that in the short-term, at least, more simple efficiencies would be better.

For instance, the down-time of vehicles might be excessive—are they under-serviced, is the fleet too old? Or attention could be paid to more efficient stock control—Britain has much slower stock-turns than other industrial nations.

Resistance among companies towards making strenuous efforts in producing greater efficiencies in distribution is that it is such a "small" part of the business compared with production. But there are three answers to the argument: first, costs are climbing higher than ever—and if they are not a problem for some companies now, then they may become so. Second, does the company really know what and where to find all its total distribution costs?

Finally, a fair comparison between the relative importance of production and distribution would be made on an added-value basis, that is, excluding the costs of raw materials.

Jason Crisp



Stock control, accessibility and space-saving are important aspects of efficient distribution. At Link Paper and Supplies, Warrington, Dexion narrow-aisle pallet racking rises to a height of 37 ft and is served by stacker cranes

The argument for top level expertise

SOME OF the keenest proponents of the virtues of maximising efficiency in physical distribution argue that all companies should have a director of distribution. If not, then there should at least be a distribution manager only one tier below the board. But that is a familiar argument from many groups within a company which see themselves as particularly important to the well-being of the company.

Those who argue that distribution should be represented at board level are working on the basis the company's functions can be divided into three main areas, marketing, production and distribution which are serviced by such functions as finance and personnel.

The reality in most companies is that many of the constituent parts of distribution fall either into other major areas—basically production or marketing—or they are small and not particularly influential units, isolated from the main business.

Warehousing and storage on site, for instance, may come under the command of the works manager, packaging and order processing can both be part of the marketing function while transport may be a separate entity under the transport manager, who does not necessarily hold great sway within the corporate structure.

The Centre for Physical Distribution Management is in the process of publishing a document in which it defines what it sees as the sub-functions on physical distribution management. These are: transport; warehousing and storage; materials handling; packaging; security (avoidance of stock losses); administration and order processing; and inventory management. Extracts from the centre's checklist are listed in the panel on the previous page.

The number of companies who put all, or even a substantial number of those functions into a single distribution function, are few. Even companies which assess their distribution management, using the total distribution concept, may not necessarily manage it, as a whole.

The various activities which comprise distribution are either peripheral parts of other major functions or are small and uninfluential separate departments. Now while that may not be inefficient in itself, it does have two serious drawbacks.

First, distribution has no single advocate at the top level of a company—the smaller units *will not have the influence* and the larger ones will be more concerned with their central functions. And therefore it becomes very dependent on the chief executive as to whether the company examines the efficiency of its total distributions costs, but it does tend to take a precipitative event, such as an oil crisis, to prompt a study—and it does mean there is no constant monitoring.

A recent estimate found that an average company which had not examined its distribution system in the last six years would find that its costs were now four times higher.

Scattered

The second disadvantage is that it does not encourage distribution expertise if the separate functions are scattered. The likelihood is that there will be no career structure to attract the most talented people nor will there be a ver for someone to gain expertise in all facets of distribution. The result is that distribution, in many instances, is left in the hands of middle and junior management.

Some companies certainly do treat distribution as a major function of the business, but in so doing they are faced with the problem of whether to treat it as a cost or a profit centre. The only way distribution can be treated as a profit centre is to effectively separate it from the main business and let it compete on the open market.

However, the establishment of distribution as an entity within companies inevitably brings new problems to management. It is an old management view that the biggest divide in a company is not between employees or unions and management, but between production and marketing. There is always a danger that by concentrating the elements of distribution that it can be in conflict with both marketing and production.

While this is certainly not insuperable, it is an area which needs care. The most obvious snag lies between distribution and marketing because benefits from the element of "service" is not quantifiable.

No sale can be seen in isolation therefore the cost of service is a marketing decision while it remains a distribution cost.

One successful British company with sales worldwide gives the service element absolute priority. If, either through internal production hiccoughs or because of a dock strike, it is in danger of missing a delivery date, it will airfreight its products. On such an occasion it may not make a profit but its priceless reputation as a faultless supplier outweighs the loss by a long chalk.

Another problem is that as companies of any size fashionably devolve themselves into profit centres, then they may inefficiently duplicate distribution activities. While the economies of scale of centralised purchasing are clearly seen, this does not always apply to distribution. Are empty lorries, from different subsidiaries, passing each other on the road?

Purchasing will often remain centralised in order to gain the economies through buying power, while distribution remains decentralised and probably inefficient.

Jason Crisp

Paul Cheeseright on the severe teething troubles of a new employee relations policy in one of South Africa's leading mining concerns

Deep cracks detected in black-white bridge

WITHOUT putting too fine a point on it, the business was embarrassing. The mine opening was arranged for Tuesday—a ceremony fitting to a project which had come on stream 31 months ahead of schedule and below budget as well. It was to be a ceremony for a showcase mine, South Africa's newest source of gold in the biggest of all the gold producing groups, Anglo American Corporation.

But on Sunday, the black workers at the mine, called Elandsrand, rioted. On Monday 4,000 of them failed to go to work.

Faces were saved when the mine worked normally on the formal opening day. But the problem—and the embarrassment—remained in that nobody seemed clear why there had been a riot. Management was caught by surprise, and yet, by its own account, procedures existed which, had they worked, would have alerted it to potential difficulty.

Elandsrand's annual report, published two-and-a-half weeks before the opening, had said, "The mine is in the process of establishing consultative councils (worker committees) for all employees. We believe that the company's broad objectives . . . can only be fulfilled by gaining the full understanding and consent of the work force through the process of dialogue. The principle equally applies to any industrial relations issues which are not handled by the trade unions or official associations."

There was a more fundamental element of embarassment, too, Anglo American, the largest of the South African mining houses with a lengthy list of mines producing minerals from gold to coal, and with industrial undertakings as well, has prided itself on the work it has done for black employees. This has not only been a question of ameliorating conditions, but of seeking within the limits of the South African apartheid system to recognise the black employee as a person, and not simply as a labour unit.

The approach is pragmatic—it enhances the position of the mines in the increasingly competitive South African labour market and it could lead to higher productivity.

The process has involved not only the raising of pay — in common with other mining houses but also the introduction of a new communications system within the group. Manifestly the system at Elandsrand did not work at the time the group would have wanted it to work.

Twenty, even ten years ago, this would probably not have mattered. Under an authoritarian system of management—and South African mines, at least until recent years, were not noted for the delicacy of their relations with black workers—communication was not a problem. There did not have to be any. Large numbers of black labourers were simply told what to do and they had to do it. They were not asked to be involved.

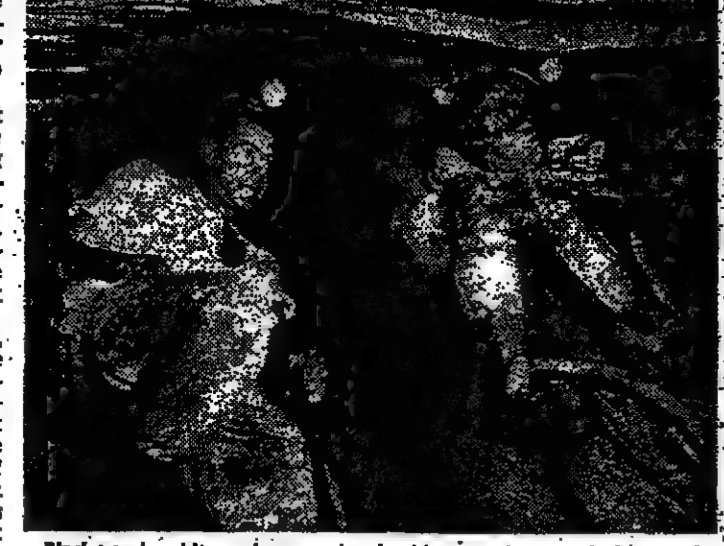
Anglo's introduction of planned communications has been part of a changing management style, an acknowledgement that the traditional techniques of directing a large labour force with a rapid rate of turnover were inefficient.

Stabilising

The background and the reasons for change were outlined by Mr. Harry Oppenheimer, the group's chairman, in a labour policy document published in 1972.

He said first that the creation of effective machinery for communication between management and workers was urgent. "If the kind of advancement and stabilising of non-white workers which are visualised take place, there can be no doubt that demands for the creation of such machinery will emerge within a few years, and if its creation is left until such demands are irresistible, it is unlikely that it will be possible to meet them in a form as satisfactory to management as would be possible at the present time."

Since 1972 the machinery has



Black and white miners rub shoulders underground—but will Anglo-American's new communications system prove effective?

gradually been put in place. On the basis that communications are indivisible, that a method of transmitting management information downwards must be balanced by a method of transmitting workers' views upwards, Anglo has installed "briefing groups" for downwards communication and started a system of "workers *committees*" for upwards communication.

The briefing takes place down the line of management. According to its Manual (prepared with the assistance of the Industrial Society of London), the groups should be composed of not less than three people and not more than 18. Anglo has laid down strict guidelines on what is suitable as briefing material. "People should only be briefed on matters and decisions relevant to their work and the reasons behind them. The criterion for deciding on what people should be briefed is not what interests them but what they need to know to give of their best at work—whether it interests them or not."

The relevant subjects are listed under four headings:

- Policy—top management decisions which affect people, like expansion plans;
- Progress—the activity of the work group itself measured in terms of output, quality, absenteeism and so on;
- People — movements like arrivals and departures;
- Points—action points noted by the supervisor since the last briefing which it would benefit the rest of the team to hear.

"Normally very few briefs from the top are relevant to the shop floor, so that most of the information they receive should be initiated by middle and junior levels of management," says the manual. "The core items of monthly briefs at every *level should* be the progress of the team in the previous month as seen by the immediate supervisor."

In theory, the system of upward communication is more broadly based. Anglo documents outlining the contents for management discussion groups stated three broad areas: workers informing the management about their problems and grievances, management consulting the workers on matters affecting them before final decisions are made, and workers negotiating their terms and conditions of employment with management.

In fact, the third area is settled at group level, and, as far as pay is concerned, rates are established within the Chamber of Mines, which groups together the whole industry.

Elaborate

However, the Anglo system for Worker Committees envisages elected representatives on the ratio of one representative for every 60 employees, with the representatives divided into committees according to the nature of work being done. The committees at all levels meet once a month.

The application and maintenance of such elaborate systems would pose problems in any organisation, and Anglo has evidently had, and is having, its fair share. It is too early to attempt any assessment of the effects of introduction: the systems have not yet bedded down, as Anglo's industrial relations specialists concede.

It would also seem that more could have been done in the way of pre-planning for their application. At the top levels of management there seems to have been the expectation that once the principles had been laid down, systems would evolve to give effect to them.

The systems are in any case extremely difficult to impose from above. Much depends on the energy of the mine manager and his staff. If the briefing groups are to work, there has to be careful monitoring to see that the information is going down the chain; that, indeed, the groups are meeting at all.

For the worker committees to function adequately, there needs to be not only a desire to listen on the part of management—a departure in itself from previous South African *mining practice—but also* a degree of commitment from the workforce itself, a sense of caring what happens, because jobs are, of course, fulfilled by a series of individuals year in and year out.

Black workers in the mines have in the past been highly mobile, working on a short-term contract and then going *back to their homes.* It is only in recent years that the mines have devised a recruitment method which seeks to bring people back to the same mine if they sign on again.

The effectiveness of the Anglo communications system must therefore depend to some degree on the extent to which it can reduce the level of turnover. Some group mines have achieved a 70 per cent return rate; if this can become more widespread then the rate of labour turnover will be reduced.

But Anglo has another and even more basic problem to overcome. This relates to language and education. The lingua franca of the mines is Fanakalo, a pidgin based on Afrikaans and African tribal languages. It is manifestly unsuitable either for conveying, through the briefing groups, a complicated issue like, say, a pay award, or for the voicing of grievances through the worker committees. And in the latter case it has the additional disadvantage of being associated with command rather than dialogue. "We need a language, not a shorthand command system," said one Anglo executive.

But the possession of a language for a black worker is a manifestation of his level of education, and in most cases this is very low. The result, certainly as far as the briefing groups are concerned, is that the management cannot rely on the new system to convey all the information it feels necessary to pass down the chain.

Why managers join unions

BY JASON CRISP

ONCE upon a time managers knew that even to think of joining a trade union was tantamount to treason—in their employer's eyes, at least. Now, while they may not actually be stampeding to join the brotherhood, their unionisation has been moving apace. Indeed, for some unions in Britain it is the biggest single growth area for recruitment.

Compared with other European countries the unionisation of managers in the UK has been fairly modest. Britain is, roughly speaking, on a par with West Germany, Ireland, Belgium, Denmark and Portugal.

Those with the highest levels of unionisation among managers are Scandinavian countries, France, Italy and the Netherlands, and the lowest is Switzerland, according to a new study* conducted by the European Association of Personnel Management (EAPM).

The study looked at the numbers of managers in unions, and the reasons given for and against joining in 11 European countries: Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Switzerland, and the UK. The research was conducted by each country's local organisation for personnel managers; in the UK that was the Institute of Personnel Management.

Although the study found there were wide variations in both the extent of management unionisation and the various types of organisation they had joined—or even formed—it was unable to quantify exact membership levels.

The reasons managers do or do not choose to join trade unions are numerous, complex and varied. But the EAPM study was able to single out the main ones.

The study isolated several specific factors which it found encouraged managers to join. First was the need to defend differentials. Managers in several countries felt strongly that both blue and white collar employees had gained significant pay advances through their established unions. This attitude was particularly held by managers in Finland, France, Ireland and the UK. Interestingly, managers from Belgium, Switzerland and West Germany did not cite this as a reason.

A second reason given was the need for a collective influence on incomes at national or regional levels, and particularly in separate management unions rather than sections of existing unions. As the report notes: "The separate management unions are able to express a positive opinion on the pay levels and pay movements of their members; such specific views on managerial remuneration are unlikely to be voiced at national levels by large established blue or white collar unions."

All the countries taking part in the survey reported that managers were feeling a certain job insecurity because of changes in their country's industrial structures, because of technological changes, and the general growth in the size of organisations. "Managers accept that their job is as much at risk as the jobs of any other employees." Although where there is strong legal protection of jobs, as in Italy and Belgium, that attitude tends to be diminished.

A number of countries reported that increasing employee participation was threatening management's authority and was acting as a spur to the unionisation of managers, so they could take part in the formal participative machinery.

A similar view was taken in a number of countries—particularly France, the Netherlands, Belgium and Finland—about the incentive of joining unions in order to play a part in discussions on industrial issues at a national level.

Although this was not seen to be an issue in either West Germany or Switzerland, it was thought to be a matter of growing concern in the UK.

The final factor isolated by EAPM which is sending managers into the arms of the unions was a lack of confidence in top management. While every country reported that managers saw the relationship between themselves and their employers as "special," a number believed this was nevertheless changing.

"Managers are beginning to realise that in large organisations they are administered as a group. Moreover, it is clear that a manager's contract is comparatively not as advantageous to the manager as it used to be."

Turning to the factors militating against managers' membership of unions the report gives the impresssion that the greatest single objection is that of principle.

These objections could be broadly broken into two. First, that it was not possible to accept the freedoms and privileges of doing a manager's job without also "giving loyalty to the employer's interests." Second, that labour unions are part of a wider political movement which generally pursues a reduction in social and economic differentials within society; i.e., there is a direct conflict with managers' own interests.

Conflict

Other objections to joining unions included a fear that promotion prospects might be threatened (not a great worry in UK and France, however) and concern that the employer's trust might be destroyed.

Surprisingly, the possibility of industrial conflict with employers did not appear to be a major obstacle to unionisation. "Managers who were interested in collective action stressed the improved communication and participation aspects of group action rather than the negative ones. In some cases, avoidance of serious conflict, particularly strikes, was given as a reason for separate management unions, rather than as a reason for not joining a union at all. Managers in many countries recognise the positive aspects of conflict as something which contributes to the health of an organisation."

The study also identified a number of more general factors which influence the levels of management unionisation in a country. There was not, it found, direct relationship between overall density of unionisation in a country and the density of management unionisation.

But the study did note that the relatively high levels of management unionisation in France, the Netherlands and Italy illustrate that high unionisation occurs where separate management unions have developed. "The implications are that managers probably did not find their needs met by a general union movement and in some cases the incentive to unionise was to oppose other trade unions."

Private employers faced with the prospect of managers unionising, generally preferred separate management unions.

But if employers believe that separate management unions will be more compliant, they may be in for a shock: "Independent managers' unions are often as demanding, as militant, as well organised and as determined as most other unions. Moreover, they are often better informed, and more articulate, which makes them harder to deal with, rather than easier."

There is also the matter of the trade unions themselves. According to the study, potential management recruits take a particular interest in their philosophy, and are likely to baulk at joining one which pursues a strongly egalitarian path. It also found that there was a demand from managers for unions which were not politically associated with either the labour movement or one with revolutionary aspirations. Allied to that, managers prefer unions where collective bargaining is kept separate from other issues.

In spite of the British example of John Lyons' Engineers and Managers Association, the report reflects that there is little evidence that unions will change in order to become more attractive to managers. "In Belgium, France, Ireland and the UK, where some unions have formed separate sections for managers, it seems that the separation is more administrative than philosophical."

* *Management Unionisation in Western Europe is available from the Institute of Personnel Management, Central House, Upper Woburn Place, London WC1. £10. £8 to members.*

ARD

[T]axing the new [c]offee house

DAVID LASCELLES

[THE]RE were lots of quips [abo]ut coffee houses when New [Yor]k launched its Lloyd's-style [ins]urance exchange earlier this [m]onth in the somewhat differ[en]t ambience of a Manhattan [sk]yscraper. But, though the New York institution is unashamedly touted as America's challenge to Lloyd's of London, it still lacks a couple of rather important assets. One is a place to do business (though someone has just been appointed to correct this). The other is a clear tax status. And Wall Street being what it is, it is far more interested in the second than the first.

Unlike Lloyd's, companies as well as individuals can join the exchange. But while corporate members will be taxed as ordinary insurance companies, the Inland Revenue service has yet to say how it will treat individual members. And until it does, the new capital that the exchange is supposed to attract into the insurance industry will be slow a-coming.

But Wall Street is already trying to rate the exchange as an investment prospect alongside stocks, shares, gold, wheat futures and pork bellies. And the view there is that if the IRS rules favourably on the main points at issue, the exchange could become one of the most attractive investments around today—though for that very reason the IRS could prove a stickler.

Two points

There are two main points at issue. One is whether individuals who invest in the exchange will be treated as companies for tax purposes. If they are, their return from the exchange will be taxed twice, once as profits from their syndicates, and once as dividends. The IRS' position to date is that any person or entity writing insurance must be taxed as a corporation. Not surprisingly, aspirant individual investors in the exchange say this is unfair because they would join up as partnerships and should be taxed accordingly, in other words, once.

One could muster some sympathy for this argument (particularly since it is roughly how Lloyds operates) were it not that the same would-be investors are asking, in the absence of special tax laws covering the exchange, to be treated like companies the rest of the time.

First, they say that they should be *allowed* (like the insurance companies with which they will be competing) to set aside a portion of their premium earnings as reserves against future losses because premiums earned on a particular risk might not become payable until a later date. These loss reserve allowances can be considerable and are, of course, tax deductible.

All an exchange member need do is invest his loss reserves in municipal *bonds* (which are tax-exempt in the U.S.), enjoy the 6 to 7 per cent yield, and thus completely by-pass the tax net.

Secondly, individuals want the same expense provisions as companies. These allow insurers to charge certain expenses against current income even though they relate to business which will come up in a later tax year.

Combined, these two tax ploys could sharply reduce an investor's taxable profits, or even transform them into a net loss, for which he would get a tax credit to set against whatever earnings he makes from his other business ventures. (Meanwhile, of course, he would enjoy his tax-free bond income.)

The upshot of all this is that the exchange would perform a dual function for Wall Street. If calculations are correct, it would yield one of the few real returns on investment available (15 per cent plus) for people with money to spare. Alternatively, it could become a useful tool for those who want to reduce their tax exposure.

Maybe individual investors are risking their chances with the IRS by seeking the best of both worlds. Mr. Donald Kramer, an insurance consultant who is spearheading their case, says no.

Mr. Kramer is also a "name" at Lloyds and a firm believer in the idea that individuals should play a big role in insurance exchanges. Unless individuals get favourable tax treatment, he says, the IRS will freeze them out and turn the exchange over to a few giant insurance companies.

The I.R.S. ruling will probably not come for a month or two. But even if it grants only one of the tax breaks individuals are seeking, the exchange will still be a less-risky investment than Lloyds. The rules say members are only liable for the capital they put up, so unlike Lloyds members, they can expect to have a shirt on their backs at the end of a disastrous day.

Why only the whole truth will do

FILM AND VIDEO

BY JOHN CHITTOCK

FILM IS a manipulative medium, capable of structuring its images and sound into a beguiling synthesis. With less justification, public relations is also regarded as a manipulative art, a palliative rather than an aid to understanding. When film comes together with a public relations function, it is no surprise that the marriage often leads to messy results.

The best of public relations deals with the facts rather than half-truths, or fantasy. And it operates most easily when palatable facts outweigh unpleasant ones; when there is a positive angle to accentuate and there is nothing negative to eliminate. Problems arise, especially when *using film, if controversial* issues or unpleasant facts are central to the target of a public relations exercise. In these situations, what does a PR man do? Should the truth be exposed, examined and given some gentle cosmetic treatment? Should it be processed a little more vigorously so that what emerges owes more to fantasy than veracity? Or should the ugly elements be brushed aside completely in favour of an examination of only those *facts* which are chosen as worthy of exposure?

There is, of course, an alternative. If caring and reasonable people are doing their job conscientiously in running an organisation—but become entangled with issues where sectors of the public may not support their actions—the problem can be shared with the public. It can be faced squarely, honestly and rationally; argued through so that the public can see how and why these caring and reasonable decision-makers have become involved in unpopular actions. Handled well, it may lead dissenters to see that, inevitably, there is another point of view in the circumstances.

Trying to be equally caring and reasonable, I am faced with my reactions to the latest film from New Scotland Yard, *Police Station*. As the Press release says, "It traces the work of South London's Gipsy Hill police station during a typical afternoon and evening shift"—and "the film is designed to stimulate discussion."

Well, let me first nail my own colours to the mast. I belong to that section of the community which is out of fashion in thinking our police are wonderful. But over the years, I have also witnessed three incidents where apparently the police behaved with unnecessary unpleasantness. Those incidents do not easily fade from the memory, and when second-hand stories of police misconduct are heard, it becomes more difficult to give the police the benefit of the doubt without question.

I suspect this attitude and experience is not untypical of Mr. Average Reasonable Citizen. So will he react to *Police Station* as I did, by feeling manipulated?

The portrayal of incidents in the film is, I am sure, typical and factually beyond criticism. But the way in which they are portrayed—with wooden dialogue spoken by nice young men in blue—is a serious challenge *to credible acceptance*. Everything that happens in the film is also impeccably handled by the police, without a serious hint of human failing. When some coloured youths are stopped because the theft of a radio has been reported, butter wouldn't melt in the mouth of P.C. Goodie—and even the coloured boys don't turn out to be baddies.

Perhaps I have been watching too much of The Sweeney, but if my disbelief in this totally sanitised view emerges from a distorted viewpoint—then that is the attitude that this film is trying to combat. If only some of the policemen could have been a little more natural or had even taken the occasional intimidating stance—in circumstances where the viewer could hardly deny its justification—my own memories might have been thrown into a new perspective.

When I saw this film, my thoughts flashed to the BBC documentary series *Sailor*, which portrayed life on HMS Ark Royal in stark and apparently unmanipulated reality. The PR office of the Ministry of Defence (Navy) confirmed my guess that there was much apprehension before this BBC series was made, and later concern over sequences such as *drunken sailors* returning on board. But the net result of this documentary series still leaves a warm glow on the upper decks of Whitehall.

A much better attempt at coping with a sensitive subject is to be seen in the latest National Farmers' Union film, *How Fares the Land?* This examines the enormous changes which have taken place in British farming, especially in terms of productivity and food prices. Lingering at the edges of almost every sequence are some of the controversial issues such as factory farming and conservation of the countryside.

If I approached the police film with a largely sympathetic bias, the same cannot be said of the NFU film. With a passion for hedge-lined countryside, trees, home grown vegetables and animals, I am not fond of what the modern farmer is doing.

Sensibly, the NFU film does not try to dodge most of these issues, albeit handling them in a dismissive way. The style of the film also engenders credibility: the characters are real farmers, not only those with unshaven chins and mud on their *boots* but also those in lounge suits and white collars. The photography excels, the editing is a credit to the craft, and the script follows a rational path in presenting the facts and the arguments.

It fails to achieve its full potential because of the intrusion of overtly manipulative devices—lashings of indifferent music and the polished voice of an obviously professional commentator, Robert Dougall. It could also have gone much deeper into the controversial issues, because these are the really *nasty PR problems* that the NFU will probably find just would not go away.

Top of the list is factory farming. The NFU film contains some glimpses of hen batteries and crowded piggeries—enough to raise the feeling of the sensitive viewer but not enough to present any convincing argument for acceptance. Where strong emotional attitudes are involved, they cannot be swept aside by a line of commentary that says: "If we don't like the *idea* of this sort of farming, then we must reflect that it is being practised in our name and for our benefit."

Well some might say to that: count me out. Indeed, over 500 people *wrote* to the BBC recently, stricken with rage and concern about the treatment of animals seen in *The World About Us* programme, *Down on the Factory Farm*. This documentary has yielded a volume of response that is rare indeed in broadcast television.

If there is an argument that goes further than the ends justifying the means, it is missing in this film. If there is no other case than the unpalatable fact that animals must suffer so that we can have cheaper or more food, then the dilemma of the farmer should be explored more carefully so that we might share it.

Here lies the route to the really successful public relations film: to show the whole truth and nothing but the truth. If reasonable men have arrived at that point in the practice of their work, reasonable viewers may then arrive at the same point in forming their own attitudes.

Equal pay case

WE ARE informed that Lloyds Bank will oppose the reference to the European Court of an equal pay case to be heard in the Court of Appeal today. Yesterday's Justinian article on this page mistakenly reported that Lloyds would agree to the reference of the case which arises from higher payments made to men bank clerks under 25 than those made to women. We regret the mistake.

Good day for beaten favourites

RACING

BY DOMINIC WIGAN

BACKERS who look for beaten favourites could be in for a field day at Beverley this afternoon. I expect three such horses—Song Maiden, Tralee Falcon, and Friendship Bay—to oblige.

The first to run is Song Maiden, who looks to have a simple task in the Scarborough Spa Selling Stakes. Unplaced *on her first two appearances*, this bay daughter of Forlorn River was third last time out, *to make a win this afternoon* likely. The best of Song Maiden has yet to be seen, and *with Mrs. Chips an absentee*, I expect her to make all the running.

Tralee Falcon seems to have been let in very lightly with bottom-weight in the day's most important event, the Hovingham Sweepstakes. This compact Falcon filly, bought in by connections *for 2,200 guineas* after landing a Thirsk seller in the spring, proved herself a cut above plating class at Haydock early this month, beating the useful Hedge School by two lengths over the minimum trip. Then came a length's defeat by Another Nickel over *Ayr's stiff six furlongs, in her* only other race.

In the belief that a return to the minimum trip on a less-demanding track than Ayr will see Tralee Falcon producing her best, I take her to gain a clear victory off bottom weight of 7 st 7 lbs. Ernie Johnson, *one of the strongest light*-weights, has the ride.

Friendship Bay, a colt by Mill Reef out of Honeyville's dam Honey Portion, has yet to show much of the ability one might expect of him. He showed he is not without hopes of a win when keeping on well over 14 furlongs at Sandown last time out, and will never find an easier opportunity—unless relegated to sellers—than today's two mile Bridlington Bay Maiden Stakes. I hope to see *him outstay another lightly* raced maiden, Mile End, who will probably make his mark in National Hunt races.

Golden River, who did so well at Newbury on Saturday, was predictably the one they all wanted to back for the St. Leger yesterday. The Tote, the only *company betting ante post on* the race at present, cut the three-year-old's odds from 25-1 to *16-1*. *Buttress* was pushed out from 16-1 to 20-1. In the Spillers Stewards Cup betting, the *Tote and Corals have clip*ped Gypsy Dancer's odds from 14-1 to 12-1. Oldstock remains *firm favourite for the big Good*wood sprint next Tuesday.

BEVERLEY

2.30—Song Maiden
3.00—Splendid Surprise
3.30—April Sal*
4.00—Tralee Falcon***
4.30—Principality
5.00—Friendship Bay

FOLKESTONE

1.45—Sage Hen
2.45—Iceni Star
3.15—Mere Gambler**
3.45—Ernel

TV/Radio

† *Indicates programme in black and white*

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 9.30 Roobarb. 9.35 Jackanory. 9.50 B. B. Bears. 10.10 Why Don't You . . . ? 10.35 The Flashing Blade. 1.15 pm News. 1.30 Ragtime. 3.45 Ymryson Cwn Defaid. 4.13 Regional News for England (except London). 4.15 *Play School*. 4.40 Deputy Dawg. 4.45 Hunter's Gold. 5.10 Young Explorers. 5.35 *Captain Pugwash*.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.55 Leo Sayer.
7.25 Centennial.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Play For Today: "Don't Be Silly," by Rachel Billington.
11.10 Don't Be Silly: "Tonight" Special: discussion about the points raised in the play.
11.40 The Sky at Night.
12.00 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 12.00 News and Weather for Scotland.

Wales—4.45 pm Crystal Tipps. 4.50-5.10 Mae Gen I Stori. 5.55-6.20 Wales Today. 6.55-7.25 Heddiw. 12.00 News and Weather.

Northern Ireland—4.13-4.15 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 12.00 News and Weather for Northern *Ireland*.

England—5.55-6.20 pm Look East (Norwich); Look North (*Leeds, Manchester, Newcastle*); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School (as BBC 1 4.15 pm).
4.50 pm Open University.
6.55 What's Your Poison?
7.20 Mid-evening News.
7.30 Ten On Two.
7.40 Sandor Vegh Masterclass.
8.10 Brass Tacks.
9.00 Rhoda.
9.25 The Mayor of Casterbridge.
10.20 Portrait.
10.45 Late News.
11.00 Diving from Crystal Palace.
11.30 Beethoven: Spring Sonata for violin and piano, Op. 24.
12.00 Closedown reading.

LONDON

9.30 am Naturally Scottish. 9.45 Writers' Workshop. 10.05 Farmhouse Kitchen. 10.30 Felix the Cat. 10.35 *McMillan*. 11.45 Mystery Island. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 Emmerdale Farm. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 The National Gallery. 2.30 Our Young Mr. Wignall. 3.30 The Love Boat. 4.20 Runaround. 4.45 Words on War. 5.15 Sam.

5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Sapphire and Steel.
7.30 Thunderclould.
8.00 The Streets of San Francisco.
9.00 ITV Playhouse:
10.00 News.
10.30 Camera.
11.00 Mavis . . . Wanting to Know.
11.30 Colgate *World Mixed Golf* Championship.
12.25 am Close: Personal Choice with Michael Burrell.

All IBA Regions as London except at the following times:—

ANGLIA

10.30 am Rocket Robin Hood. 11.00 Artic Doctor. 11.25 Solo One. 11.50 Cartoon Time. 1.25 pm Anglia News. 3.30 *Friends of Man*. *3.50 Cabbages and Kings*. 5.15 The Squirrels. 6.00 About Anglia. 7.30 This England. 8.00 Have Girls will Travel. 11.00 Inside *Business*. 11.30 *Sidestreet*. 12.30 am Themes.

ATV

10.05 am Farmhouse Kitchen. †10.30 Morning Cinema: "Left, Right and Centre," starring Ian Carmichael and Alastair Sim. 1.20 ATV Newsdesk. 3.25 Mysterious Island. 5.15 Dynomutt. 6.00 ATV Today. 7.30 This England. 8.00 Mind Your Language. 8.30 Get Some In. 11.00 The Outsiders.

BORDER

10.30 am Morning Cinema: "The Winslow Boy." 1.20 pm Border News. 3.30 Ouch. 3.50 Untamed World. 5.15 The Squirrels. 6.00 Lookaround Tuesday. 7.30 This England. 8.00 Chips. 11.00 The Human Face of China. 11.30 Sidestreet. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Stars On Ice. 6.00 *Report At Six*. *9.00 B.J. and* the Bear. 10.28 Channel Late News. 11.00 Colgate World Mixed Golf Championships. 12.00 George Hamilton IV. 12.26 am Visages de France.

GRAMPIAN

9.35 am First Thing. 10.30 pm The Coral World. 11.30 Spiderman. 1.20 pm *Grampian News Headlines*. 3.30 Code R. 5.15 The Squirrels. 6.00 Grampian Today. 6.05 The Electric Theatre Show. 11.30 Reflections. 11.35 Power Without Glory. 12.30 am *Grampian Late Night* Headlines.

GRANADA

10.30 am Sesame Street. 11.25 The Beachcombers. 11.50 Look At Life. 1.20 pm Dick Tracy. 3.30 The Story of Wine. 3.50 The Amazing World of Kreskin. 5.10 Felix the Cat. 5.15 Crossroads. 6.00 *Granada Reports*. *6.30 Cabbages and Kings*.

HTV

Report West. 6.15 Report Wales. 6.30 The Squirrels. 7.30 This England. 8.00 Lucan. 11.00 The Human Face of China. 11.30 Westside Medical.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 4.20-4.45 Gogils. 6.00-6.15 Y Dydd. 10.30 Bywyd. 11.15 World in Action. 11.45-12.40 am Westside Medical.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†10.30 am *Feature Film*: "The Underworld Story." 1.25 pm News. 3.30 Cartoon Adventure. 3.50 The Electric Theatre Show. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Summer Extra. This England. 8.00 Charlie's Angels. 11.00 Late Call. 11.05 From The Top. 11.35 Pro-Celebrity Darts.

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

Radio Wavelengths

RADIO 1

RADIO 2

RADIO 3

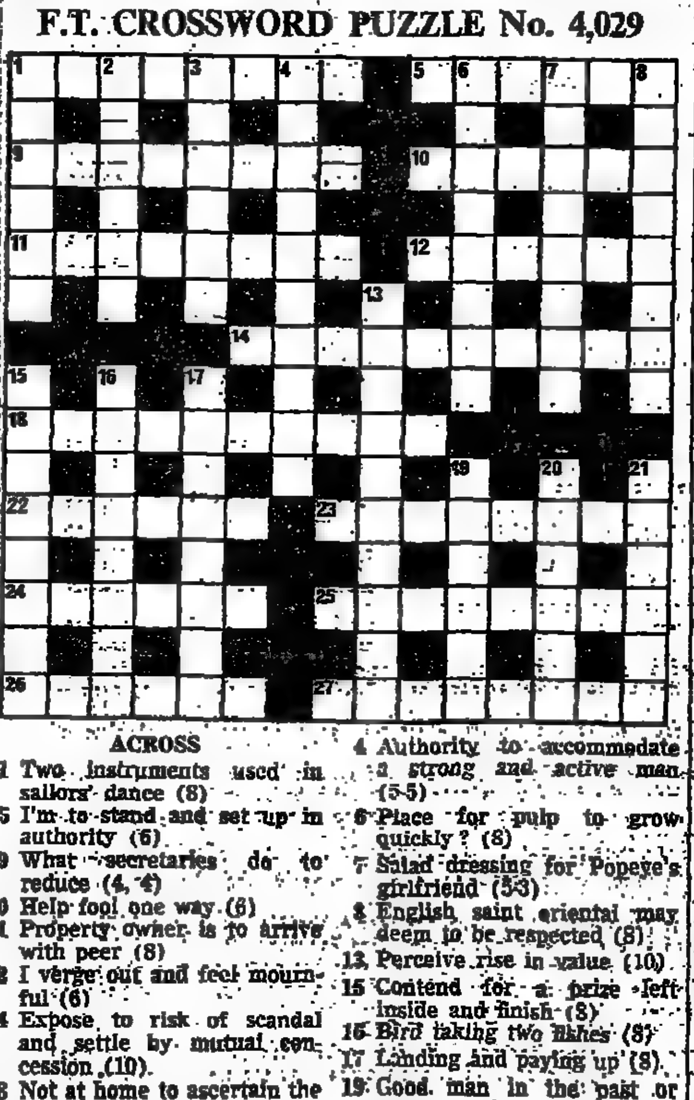
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 4,029



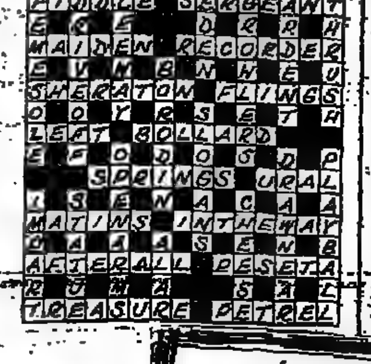
ACROSS

1 Two instruments used in sailors' dance (8)
5 I'm to stand and set up in authority (6)
9 What secretaries do to reduce (4, 4)
10 Help fool one way (6)
11 Property owner is to arrive with peer (8)
12 I verge out and feel mournful (6)
14 Expose to risk of scandal and settle by mutual concession (10)
18 Not at home to ascertain the amount, but exceed in extent (10)
22 Political group I must enter for equality (6)
23 Fight with chap and totter (5-3)
24 Draw *forth* in felicity (6)
25 Scope used by navigators (8)
26 Enlist and enter into contest (6)
27 A short statement may be the prelude to a long one (8)

DOWN

1 Hostel converted to make larger places of accommodation (6)
2 Soldiers and monarch searching minutely (6)
3 Dangerous up the creek without it (6)
4 Authority to accommodate a strong and active man (5-5)
6 Place for pulp to grow quickly? (8)
7 Salad dressing for Popeye's girlfriend (5-3)
8 English saint oriental may deem to be respected (8)
13 Perceive rise in value (10)
15 Contend for a prize left inside and finish (8)
16 *Bird taking two fishes* (8)
17 Landing and paying up (8)
19 Good man in the past or adherent of a good man (6)
20 Oppose little devil with broken gun (6)
21 Stick in this place (6)

SOLUTION TO PUZZLE No. 4,028



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA. Season opens Aug. 6: 2 Cycles. The Ring of the Nibelung. Die Fledermaus. La Traviata. Booking is now open.

COVENT GARDEN. CC. 01-240 1066. (Gardencharge Credit Cards 01-836 6903). 23 July-4 August. MARTHA GRAHAM DANCE COMPANY with LIZA MINNELLI 25, 26, 28, 30 July. Evgs. 7.30. Sat. mats. 2.00.

THEATRES

GLOBE THEATRE. CC. 01-437 1592. Red. Price Preview Tonight at 8.00. Opens Tomorrow at 7.00. Subs. evgs. 8.00. Mats. Wed. 3.00. Sats. 5.00 & 8.30. ANTON RODGERS, GEMMA CRAVEN, DIANE LANGTON, ANDREW C. WADSWORTH, DAVID HEALY in SONGBOOK. A new musical by MONTY NORMAN and JULIAN MORE.

ST. MARTIN'S. Credit Cards 836 1443. Evenings 8. Mats. Thurs. 2.45, Sat. 5 & 8. AGATHA CHRISTIE'S THE MOUSETRAP. WORLD'S LONGEST-EVER RUN. 27th YEAR.

SHAFTESBURY. 836 6596. CC 836 4255. Evgs. 7.45. Fri. and Sat. 5.0 and 8.0. BAWDY COMEDY MUSICAL CANTERBURY TALES. Final Week—Must end Saturday.

STRAND. 01-836 2660. Evenings 8.00.

THEATRES

CINEMAS

PERSONAL

Art

Paris-Moscow detente

by BRIAN TAYLOR

Politics and art, like politics and religion, have frequently made uneasy bedfellows. Pope John Paul II's visit to Poland is a recent example revealing the contradictions involved still today. In the latter type of encounter, the exhibition *Paris-Moscow 1900-1930* now at the Centre Pompidou in Paris (until November 5) is a striking demonstration of Franco-Soviet detente in the fields of cultural exchange.

The richness and variety of avant-garde production during that period is sufficient to make one dream (after waiting 70 years) of an exciting, once-in-a-lifetime confrontation of unquestionable masterpieces. However, confrontation is not at all what the Soviets want—neither on an international nor on an internal level, since the exhibition is to be shown in Moscow at the time of the World Olympics next year.

The original French conception was for an exhibition *Paris-Berlin-Moscow, 1905-1933*, which would have made much more sense, but which the Russians quickly vetoed, for obvious political reasons. Moreover, official Soviet intellectual and artistic reunions are apparently still called upon to debate the issue of the 1920s as the "Black Period" of Soviet culture.

As we all know, the best way to drown the fish (artistic, in this case) is to take them out of water, which is precisely what the organisers of this display of 2,500 works of art did. The "water," as it were, is any semblance of a unifying conception or critical stance which might elucidate the circumstances of pre-Revolutionary as well as Revolutionary production.

The officials of the Centre Pompidou have a singular penchant for sweeping, encyclopedic presentations, and in terms of the Russian material on display, *Paris-Moscow* remains no exception: painting, sculpture, decorative art, graphic art, theatre, cinema, literature, music and architecture are amply represented.

However, the curiously peripheral aspect—in terms of their presence in the exhibition—of many French masterpieces lends weight to the rumour that the sole desire of the French organisers was to obtain Soviet permission to show many of the Braques, Picasso's, Matisse's, and Kandinsky's for the first time outside of the Soviet Union.

So that what in fact stands out most in *Paris-Moscow* is an inevitable, and unresolved, double dichotomy: on the one hand the glorious, individual tableaux such as *Music* and *The Dance* by Matisse or Picasso's portrait of Ambroise Vollard, and a thorough overview of Russian art, beginning with realist-symbolist painters like Vrubel and Repin at the turn of the century and running thorough Suprematism, Rayonism, and Constructivism to the Socialist Realism of the 1930s.

On the other hand, within the total Russian production there is a second dichotomy, the critical turning-point of the Soviet Revolution, which marks an important rupture with the past, yet calls into service the powerful and unique pictorial traditions, both abstract and narrative, of earlier Russian art.

Of the first dichotomy, resulting from the alternatively ambiguous and precise negotiating positions of Soviet and French authorities, one can say little; it is amply sufficient to be able to savour great works *from the Russian collections*, be they those hitherto known only from photographs or carefully hidden away in dark corners.

The orgy of colour in Kandinsky's *Improvisation II* (1910) or a comparison of the powerful imagery of Vladimir Tatlin's *Nude* (1913), where he uses whites for shadows much as did the old icon-painters, with Picasso's *Woman with a Fan, After the Ball* (1908) are delectable moments in themselves.

However, it is really with the cleavage brought on by the October revolution that one senses, both intellectually and spiritually, the tremendous resources upon which the avant-garde artists of the pre-war period could draw when swept up into the process of radical *social change*. Profound emotional, resources, coupled with a poignant sense of dynamic visual representation found their most effective outlet in realms other than that of painting: in the graphic arts, particularly the poster, in cinema, in architecture, and above all the phenomenon known as "Agit-prop."

These media, because they were so directly linked to the fundamental material changes in Russian society, as the indispensable prelude to an authentic proletarian culture (nowhere in the exhibition, for example, is Trotsky mentioned!), were also the most highly politicised fields of creative endeavour. And it is precisely here that a visitor to *Paris-Moscow* (whether a specialist or not) feels most disoriented by the "censored" presentation of works of art.

Agit-prop, or the art revolutionary propaganda, which involved many artists in the creation of vast mural paintings, decorated railway carriages, travelling libraries, etc., is impossible to understand in isolation, just as the creation of communitarian dwelling complexes, as new institutions with new spatial requirements must be seen in context. The Tribunes for Lenin by Malevitch and El Lissitsky, and Tatlin's *Monument to the third International*, a replica of which was built for this exhibition (complete with revolving chambers), are expressive symbols whose communcative power lies as much in the content as in the form of the transmitted message.

The exhibition carefully stops short of the period in which a conservative reaction in the arts *accompanied* the *Stalinist* repression of the 1930s. Literary paintings, portraits and battle scenes commemorating the Red Army are tagged on to the exhibition and passing allusion is made in the catalogue (of 580 pages) to the decision by the Communist Party Central Committee in 1932 to ban artistic organisations as a means for ending "conflicting tendencies" and establishing a desired homogeneity.

While it will be easy for some to be seduced by the total wealth of material never before assembled in the West, and by the spectacular public appearance of little-known masterpieces, others will find the exhibition *Paris-Moscow* troubling on a moral and political level, by what was purposely left out.

"And You! Have you enlisted as a volunteer?" Dimitri Moor, 1920

Kagel at La Rochelle

by DOMINIC GILL

This year, Claude Samuel's Rencontres Internationales d'Art Contemporain came to La Rochelle for the last time. It has been six years, and seven festivals, since M. Samuel moved from the neighbouring town of Royan to set up a rival event just 20 minutes' drive north along the coast of the Charente-Maritime. That was a famous, and explosive, quarrel, by now almost part of the mythology of the region—and quintessentially French in its polemical elegance and political complexity. For a while, as a result, until Royan's demise, the Charente-Maritime played host to two major festivals of contemporary music (although not, after 1973, at the same time of year).

It was the start of difficult times for Royan; but from the beginning La Rochelle prospered, offering, each July, a lively 10-day programme of new music, dance and film, cheaply and with cheap accommodation available, in one of the prettiest Atlantic towns of France, to anyone who cared to visit—and if it could never be said to a vast multitude, each year to noticeably greater numbers, drawn increasingly not from the main cultural centres like Paris, but from La Rochelle itself and its surrounds.

But the going has not been easy. To establish a festival of contemporary arts may be difficult enough; but to keep it running to the satisfaction of all the parties necessarily involved, the ministry, the radio, the municipality, local commerce and the *maison de la culture*, means in France steering a tricky course indeed through a tangle of conflicting interests and loyalties, and ideological crossed lines. Finance for the Rencontres has been ever more difficult to find—and in the eyes of some *rochelais*, to justify. Charges of elitism, of *parachutisme* (dropping out of the sky from Paris with culture for the provinces), even of nepotism, have been rife; press releases from every quarter have multiplied.

At the beginning of this year, the *maison de la culture* of La Rochelle withdrew its crucial support from the Rencontres, and the programme as a result had to be substantially revised. Visits from the Americans Steve Reich and Bob Wilson were cancelled, together with the whole of the dance programme, and a week-long *atelier* by the pianist Alexis Weissenberg; for many locals, as well as visitors, most regrettable of all was the loss of the *cinémarge*, the adventurous and much-admired fringe to the main cinema programme devotedly organised and cultivated by Jean-Loup Passek. The festival's central musical theme alone remained virtually whole and uncut: an ambitious series of concerts devoted entirely to the work of the Argentinian-born German composer Mauricio Kagel.

No category fits Kagel neatly—in his youth a student of Ginastera, and later a researcher of electro-acoustic techniques in Cologne, he is at once theorist and composer, humorist and elaborate dadaist, perhaps best known today for his experiments in the ambiguous field that lies somewhere between "pure theatre" and "pure music." La Rochelle's was the first major retrospective of Kagel's oeuvre ever to be mounted: seven concerts comprising 21 works composed between 1960 and the present day, embracing virtually all of the many Kagel genres, and omitting only the biggest and most elaborate theatre-pieces like *Ex-Position* or *Veriete*.

Repertoire, in the composer's estimation, is not music at all, but a theatrical introduction to a much larger work, *Staatstheater*, which is itself perhaps slightly more music than theatre. This ambiguity—the hyphen between music and theatre—is central to all of Kagel's work. *Repertoire* is an introduction to the subject: a stark sequence, *no more, no less*, of visual puns and audio-visual gags only very slightly more sophisticated than those to be found on ice-lolly sticks.

It can, in its risky fashion, just about stand alone, without explanation—but like all simple jokes, falls flat when dissected. We could well have done without Kagel's own elaborate and, in context, strangely earnest, humourless introduction. I share Kagel's taste for the surreal and the bizarre; but the effect is less happy when each point of fantasy is driven home with a hammer.

Finding musicians who can act, and actors who can perform to music, is a problem I discussed on this page last year after the premiere of *Ex-Position* in Paris. In that work, Kagel's notably apt and successful solution was to use neither actors not musicians on stage, nor even professional dancers, but a troupe of ten gymnasts from the Sport Hochschule in Cologne. Like Peter Maxwell Davies's schoolchildren at Cirencester, who discovered they could play and sing "difficult" atonal scores with ease and pleasure, Kagel's gymnasts took to their musico-dramatic tasks with marvellous precision and panache. In La Rochelle, Kagel used a group of young amateur actors from the Tam-Theater in Krefeld to give *Repertoire*, who took to the piece like children to chips, ducks to water—difficult to imagine any ensemble making more sense, more beautiully, of a string of potty jokes and lolly-stick puns.

But *Acustica* is music, as well as theatre. The following evening the Tam-Theater ensemble were let loose on a stage that looked like an adventure-playground of sound-sources, home-made instruments often of their own devising, *objets trouvés*, iron violins, a "*castanet piano*," a giant five-tone rattle, electric fans of all sizes, innumerable record-players of unconventional construction (one with an *oral* pick-up), a flute-tree played with a compressed-air cylinder.

The result was sometimes funny, rarely banal, often extremely beautiful. The musical instincts of the group were finely tuned: there was nothing here that was either thoughtless or naive, inflated or blurred; every sequence and combination they devised went unerringly to a point. It was in many ways one of the most remarkable performances of the festival, simple but never simple-minded, which drew sound-poetry from minimal material with the greatest finesse and restraint.

Kagel sets us listening like children. He is suspicious of adult aesthetic pretensions, of adult training—of the "acceptable" cultural dressage of adult life. He finds the process sad, and also amusing. In his description of a work actually entitled *Dressage, a sad, serious joke for a trio of wooden instruments* played later in the week, he notes that "correspendences between the world of music and that of the circus reveal themselves quite often. 'Serious music' above all, with its avoidance, *finement attristé*, of all expressions of amusement, is a good example of the permanent dressage of composers, organisers, interpreters, and not least, the public itself."

Sometimes, changing his costume briefly, Kagel makes as if to join the adults: but are those programme-notes and introductions only false trails, culs de sac designed to trap the unwary? Philosophical—or as he prefers to call them, "moral"—burden are frequently proposed: but they are elusive, and often misleading. Reduced to their simplest terms, they seem to assure us only, as Cage assures us, that exploration is the highest form of expression: the moral pointed *no more than a pathway*; the composition itself no more than a catalyst; the massage a freedom to rediscover some of the childlike fantasy and vision lost in the process of professional dressage.

Perhaps at his most unified, and most successful, Kagel bridges both gaps, between theatre and music, and adult and child. Seven years ago in London I heard a concert given by Kagel with Wilhelm Bruck and Theodore Ross of two pices, *Unter Strom* and *Tactil*. That was my first experience of Kagel, and I found almost every minute of it absorbing, exhilarating: an oasis of fantasy and rich non-sense in the late-serial and post-serial desert. I was pleased to discover at La Rochelle that the experience had not been a mirage. A performance of the same two works by the same players was *as magical as I had remembered*—and just as diffi;cult to describe.

Unter Strom (1969) is scored for three performers and a vast array of instruments, amplified rods, revolving plectra, electric motors, wires, guitars, whistles, sirens—a more sophisticated *Acustica*, it exists on an impossible plane somewhere between the gravely beautiful and the wildly funny, has a marvellous life of precise happiness-with-sound all its own. The effect is exuberantly free: but there is nothing vague or airy about it, every gesture timed, pungent, exact. *Tactil* is a piano concerto for piano and two guitars, performed by the composer with Bruck and Ross, each naked from the waist up. It is a serious comic epic, a concerto for wise and serious children superbly organised.

Albert Hall

Bach Cantatas

by DAVID MURRAY

Stravinsky argued that the cantatas of Bach ought to serve as the basis of our concert repertorie, and every respectable performance of two or three of them makes me think he was right. That a respectable performance is enough shows how central this music is—how unspecial and open, how completely realised. Perhaps a Protestant upbringing gives one a helpful *entrée*; but at least the cantatas, unlike much of Bach's keyboard music, don't flaunt their arcane mastery so as to discourage the listener who wishes he were better instructed in the genre.

At Sunday's Prom the New Irish Chamber Orchestra and Cantata Singers, under John Beckett, performed two substantial cantatas and sinfonias from two others. It took them some time to adjust themselves to the vastness of the Albert Hall; the Sinfonia from Cantata No. 174, which is an instrumentally expanded version of a movement from the 3rd Brandenburg Concerto, sounded at moments as if it were coming from a barrel-organ in imperfect repair. They did better justice to the magnificent 21st Cantata, "Ich hatte viel Bekümmernis," led by a strong vocal *trio—Irene Sandford*, Frank Patterson and William Young.

These latter returned, after the limpid, oboe-rich Sinfonia from the 42nd Cantata, with Bernadette Greevy to give the best performance of the evening: "Freue dich, erlöste Schar," Cantata No. 30. The Cantata revels in dance-rhythms which *plainly* caught the fancy of all concerned. The orchestra took wing, or at least acquired light feet, and an Irish lilt made itself charmingly felt. Miss Sandford's *bright, full soprano and* Mr. Patterson's cultivated tenor were equal to the demands of the hall; Mr. Young adopted a taking operatic manner with the bass arias, entirely persuasively, and the glowing assurance of Miss Greevy's contralto made one heartily sorry that she had only a single aria. I should add *that the unwritten conventions* of the period were sedulously observed under Mr. Beckett's direction, though the bass-line often sounded frail—the three cellos were too few for the occasion.

★

On Friday night at the Wigmore Hall many artists collaborated for the Jacqueline du Pré Research Project, but quite rightly we heard most from the cello. One was played by Moray Welsh, and another by Melissa Phelps. Their contrasting tones—Mr. Welsh's rounder, Miss Phelps's more oboe-like—were blended in the first piece (with Roger Vignoles at the piano), a fine, imposing Handel Sonata in G minor. Later again they cooperated suavely — this time *sans* piano — in four Glière duets from his opus 53, in which the cellos take turns accompanying each other.

Miss Phelps drew a tender line below Jane Manning's soprano in Schubert's "Auf dem Strom," though the original *horn obbligato* is more striking in this song. Miss Manning, replacing Hannah Francis at short notice, also tackled "Die Forelle" and with the tenor Julian Pike several of Beethoven's folk song arrangements. Before that Mr. Pike made a considerable effect with Richard Rodney Bennett's "Tom O'Bedlam's Song," a strong and disturbing piece reinforced by Welsh's impassioned accompanying threnody. There was also a wonderfully inept new song by Michael Berkeley on an Edward Thomas poem, veering wildly between styles and expressive techniques.

The mime Ben Benison acted out the *Debussy* Cello Sonata (Welsh and Vignoles again sharply perceptive) so convincingly as to persuade one that the act was redundant: there are *indeed vivid narrative* suggestions in the music, but everything they imply is developed in the music itself. (I think it was Mendelssohn who maintained that music is not more ambiguous but more precise than the imitative arts.) I ought to mention the expert participation of the violinist Marcia Crayford in various works, and the cheerful respite from all the excellent cello-playing.

Alexandra Palace

Capital Radio Jazz Festival

by KEVIN HENRIQUES

After a hesitant start London's first-ever, full scale outdoor jazz festival gathered momentum over the weekend to finish on a triumphant high note on Sunday with the likelihood of a repeat next year.

For six days, on two separate stages, almost 100 hours of jazz, blues and even unashamed rock 'n' roll were played by some of the most distinguished names in the music. On the grassy slopes of the park, under the shadow of that charmless, white elephant edifice known affectionately as Ally Pally, a festival area was created in which the two stages formed the focus of attention. Surrounding it, as in most outdoor jazz events in Europe, were *the complementary* amenities—record stands, souvenir stalls, bars and, rather ominously, a tent staffed by The Samaritans. There were reasonably-priced food outlets, one of which offered such culinary delicacies as Curried Goat and, Lord help us, Euro-Burgers! Everything seemed to be smoothly organised.

On stage the sessions were presented with cool efficiency. Few over-ran, for even in the improvised music of jazz there has to be some element of discipline if jamborees such as this are to avoid becoming chaotic.

With such a rich musical menu to choose from the true jazz aficionado tends to select the unfamiliar and not recently heard musicians and at Ally Pally there was plenty of scope in this aim.

For many, one of the surprises was the Latin jazz, or salsa, of Willie Bobo, a timbales player of hurtling energy and unashamed showmanship, making his first UK appearance. He leads a hard-blowing very percussive, nine-piece rhythmic group which instils the sometimes repetitive figures of this catchy music with captivating invention and excitement.

In contrast was the classic blues guitar and singing of B. B. King. Presented in a slick, show biz format, but not to be derided for all that, and accompanied by a quality band in which ex-Duke Ellington trumpeter Willie Cook was an unexpected member, King showed why he is justly regarded as one of the truly outstanding blues artists alive. What he sings and plays is the epitome of contemporary urban blues. Yet his all-round artistry can impart a new shape to that Woody Herman warhorse "Caldonia," and like many true artists he knows the stunning effect of concluding a set with a slow tune.

The several appearances of the New York Jazz Repertory Company in their various tributes to musicians, especially their set devoted to Duke Ellington and Bix Beiderbecke, were always absorbing. In the *arrangements of Duke's music* there was no attempt to copy the original sound or solos but when Bob Wilber soloed on alto in "The Duke Steps Out" it was impossible not to be reminded of Johnny Hodges.

There was Mingus Dynasty, a septet of musicians associated with Charles Mingus, who played his music with unsentimental remembrance of him. Mike Richmond had the unenviable task of playing the brass parts and did so with a skill bassist-boss Mingus would have had to admire.

But hearing a mere 20 hours out of a possible 51 enables one to gain only a superficial impression of the musical delights and highlights. If you missed, as I missed, Chick Corea, George Shearing, Herbie Hancock, Woody Herman and the Lionel Hampton band which was unanimously rated as superlative, a review can give only a meagre impression. Even from such a small sample certain moments linger awhile. Certainly, the ecstatic reception for the festival's box office magnet Chuck Berry (substituting for another box office magnet Fats Domino) whose hypnotic control over an audience is both mind-boggling and slightly frightening; the meeting between Britain's technically brilliant trombonist Don Lusher and American veteran Vic Dickenson in an easy swinging "Just you, just me"; and as a British summer night icily descended over north London there was the emotionally warming sound of bluesman Muddy Waters supported by unprogrammed guest Chris Barber on trombone.

Willie Bobo — David Redfern

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Applying the market test

LIKE STEEL in 1967, the ship-building and aerospace industries were nationalised by the last Labour Government for mainly ideological reasons. There was never any prospect that public ownership would contribute towards making these industries internationally competitive. The clear danger was that nationalisation would make it easier for job-preserving projects to be financed by the taxpayer and for a larger capacity to be retained than could be defended on commercial grounds. The Conservatives are entirely justified in seeking to reverse these decisions. They have rightly decided not to sell off the bits that would be most attractive to private investors—a course which would be disruptive in the short term and might make the underlying problems even harder to solve—but to introduce private sector finance into the two existing corporations.

Intervention

British Aerospace, which is a profitable business, is to be transferred from its present status as a statutory corporation into a company incorporated under the Companies Acts. About half the shares will be made available to private ownership, with employees given a special opportunity to buy shares. Sir Keith Joseph said yesterday that the change in status would not lead to any alterations in the company's business or management, but British Aerospace would in future have to obtain the external funds it needed from commercial sources. The Government would retain the power to provide funds on commercial terms if this proved necessary, but would not expect to intervene in the administration of the company.

The Government cannot, of course, be indifferent to the internal affairs of British Aerospace since a large part of its business is as a contractor to the Ministry of Defence. But the difficult question which is not answered by Sir Keith's statement is the future of launching aid for civilian projects. Virtually all the UK's civil aircraft projects since the war have been uncommercial in the sense that the investment made by the Government, through launching aid and other support, has not earned a commercial return.

As for the current workload, it is highly doubtful whether the BAe 146 feeder jet—and perhaps the investment in Airbus Industrie—could have been financed on a commercial basis. If the Government follows a totally commercial policy in its attitude towards British Aerospace, then the British aircraft industry will almost certainly contract in size. This may or may not be a good thing, but it is a strategic issue which cannot be ignored.

Whether or not launching aid for civil projects continues, the case for introducing private equity capital is strong. The presence of private shareholders should ensure that new investments are subjected to a market test. If the Government wants British Aerospace to do something which is uncommercial, it will have to do so openly and reimburse the company for it. The proposed "BP solution" will not end the Government's involvement in this sector, but it creates the possibility that aerospace will be treated and managed as a normal industry, rather than as an instrument for promoting national aspirations in high technology.

Discipline

In British Shipbuilders contraction is already taking place and the question is whether it is happening quickly enough. The Government is giving the company a breathing space of two years in which to cut capacity to an annual rate of 430,000 tons and employment to 20,000 from the present level of 28,000. During this period the Government is proposing an intervention fund of £120m, credit for conversions by UK shipowners and advanced public sector orders. For 1980-81 the corporation's target is to limit its trading loss to £90m.

British Shipbuilders can be criticised for taking too long over rationalisation and the terms of the Government's support can be criticised as too generous. But the most difficult task, as it has been in British Steel, is to transmit the need for financial discipline and higher productivity to the individual yards, especially as the Government has left open the possibility of continued support after 1981. The introduction of private sector finance is not feasible, but within the corporation the future of each yard must be made dependent on its ability to meet financial and productivity targets.

Inflation in Comecon

FOR DECADES communist propagandists pointed to full employment and stable prices as cardinal features of the socialist planned economy. The validity of such claims has long been contested by western economists. They looked increasingly threadbare in the 1970's as the growth of East-West trade was accompanied by a series of producer price increases designed to bring Comecon energy, raw material and industrial prices closer into line with world market levels. Nevertheless the policy of massive consumer subsidies has kept the nominal price of rents, public transport, basic foodstuffs and public utilities low throughout Comecon until now.

Significant change

The classic definition of inflation after all is that of "too much money chasing too few goods." On this definition one only has to look at the long queues, the waiting lists for cars and other "deficit" goods, the accumulated stocks of unwanted goods and the growing savings accounts of frustrated consumers to realise that inflation has long dogged the socialist economies.

The strain of pretending that inflation does not exist in economies saddled with high defence expenditure, low productivity and a looming labour shortage is now leading to a significant change in tack. In practice it seems inflation is no longer a dirty word. In many ways it was the Soviet Union itself which set the scene. In the wake of the original 1973 oil crisis it forced through a drastic change in inter-Comecon price policy by introducing a system whereby oil, gas and other key raw material prices were to be fixed at levels pegged to the average world price over the preceding five-year period. This reflected Soviet reluctance to continue subsidising its Comecon partners when it had growing economic problems of its own.

Neither the Soviet Union's problems nor those of its partners have diminished with time. On the contrary they have got worse. To cap it all, this year's harvest prospects look bleak—not only for the Soviet Union, which is planning to import over 30m tons of grain costing over $4bn, but throughout Eastern Europe. All the indicators point to a period of lower growth, greater austerity—and increasing inflation in the 1980s.

This is the background to the swingeing increase in prices announced over the weekend in Hungary and Czechoslovakia. Superficially the two cases look very similar—but in practice the situation in Hungary is very different from that prevailing in its neighbour.

The Hungarian regime probably enjoys more popular confidence than any other in Eastern Europe. Neither the sharp rise in food and energy prices, nor parallel moves to increase wage differentials and increase labour mobility will be popular. But the logic behind them has been carefully explained. Hungary has been cautiously moving in the direction of "market socialism" for over a decade—and this has been accompanied by growing prosperity. That is popular.

In Czechoslovakia, however, the mood is of sullen resignation in the face of an unpopular regime. This has been reflected inter alia in sluggish economic performance, avoidance of risk taking and lack of entrepreneurial initiative.

Problems ahead

Clearly, party and Governments throughout Eastern Europe will face problems imposing this new round of austerity. Poland was the last country to impose such swingeing increases back in 1976. The next day the Government was forced to rescind them after workers took to the streets outside Warsaw and at Radom. Signs of nervousness can already be seen in the signs of a further crackdown on dissidents—especially in East Germany and Czechoslovakia.

This time, however, there is a greater awareness of the economic problems throughout the area, including Poland. But making the economies more efficient will not be achieved by renewed repression—but by greater frankness about the problems, and incentives to resolve them.

POST-WAR NICARAGUA

An anxious wait for the compass to settle

By WILLIAM CHISLETT in Managua

THE EUPHORIA following the victory of the Left-wing Sandinista guerrillas over the Somoza dynasty which ruled Nicaragua in feudal fashion for 46 years is over. The five-man provisional junta has started the extremely difficult and arduous process of trying to rebuild a country whose economy has been shattered by the seven-week war and whose people are restless for change.

These are hectic days in Nicaragua, comparable in atmosphere to the overthrow of the Portuguese dictatorship and the death of General Franco. Freedom is in the air for the first time in almost five decades and the taste of it is sustaining a people desperately short of food; full of bitterness for the tremendous loss of life, estimated at well over 15,000 dead on both sides among a population of 2½m; and perplexed by what the future might hold for them.

The guerrillas have paraded like the conquering heroes that they are, with much trumpeting of their victory. And over the weekend, the history books started to be rewritten. The names of the former President, General Somoza, and members of his family—his brother and father ruled before him—are being expunged from buildings and streets. The immense financial interests of the Sómoza family have already been expropriated.

The main square in the capital, Plaza de la Republica, is now called Plaza de la Revolucion and the airport is now Augusto Sandino, after the general who opposed the U.S. intervention in Nicaragua in the 1920s and was murdered on the orders of the founder of the Somoza dynasty, who took over as head of the U.S. Marine-trained National Guard in 1932 when the marines withdrew.

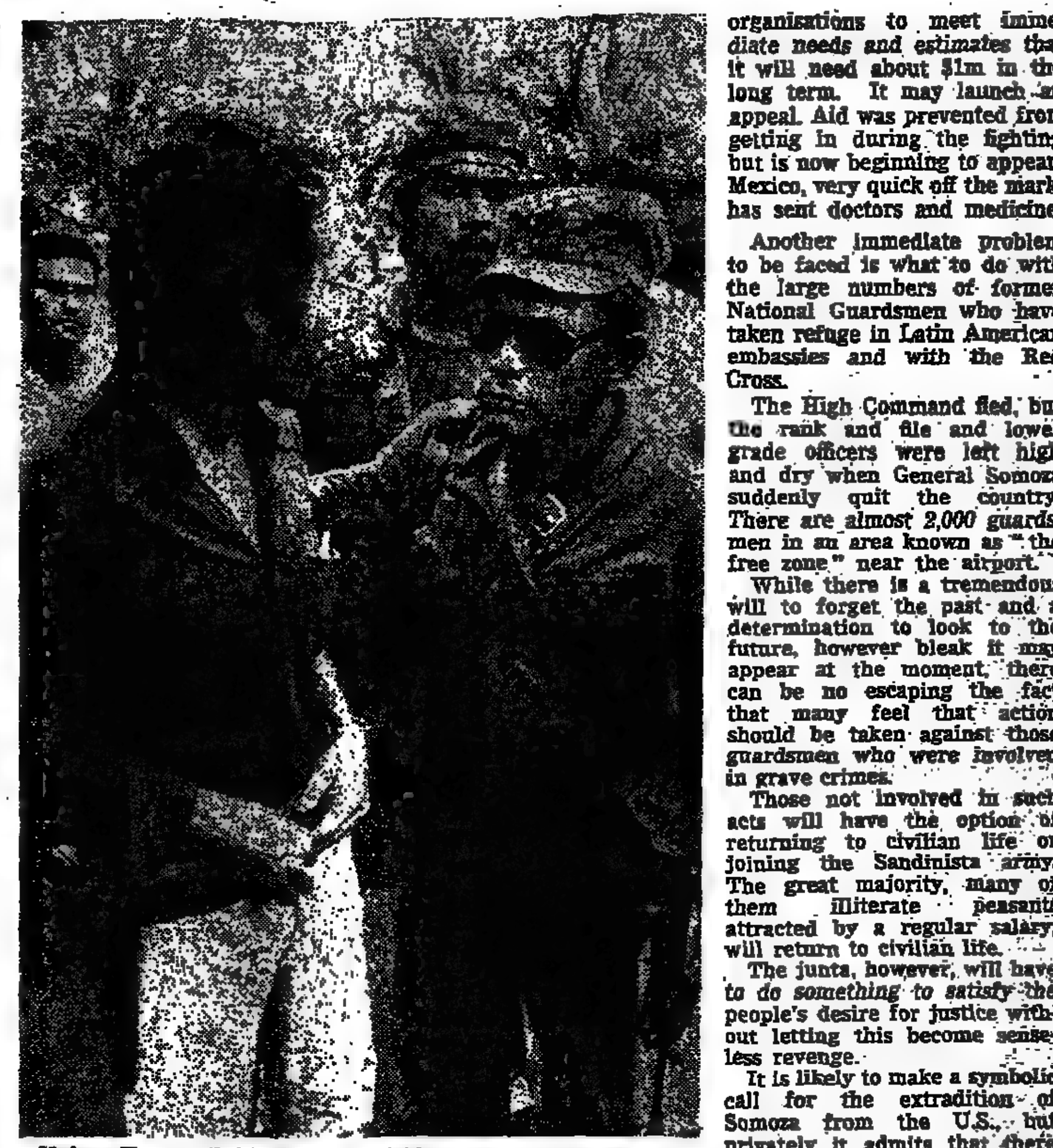
Sandino subsequently became a folk hero and his name was assumed by the guerrillas.

The red and black Sandinista flag flutters from buildings and houses along with the blue and white national flag. The guerrillas' hymn blares from radio and television, now broadcasting appeals for people to hand in their weapons.

Over the weekend, the people buried with full rites the bodies of "Los muchachos" (kids)—many of the guerrillas were teenagers—in special cemeteries for the country's "martyrs." Their slogan, "free fatherland or die," was shouted as the coffins, draped with flags and ammunition belts, were carried through streets.

The aptly-named "bunker," the National Guard compound where General Somoza holed up during the fighting, is now the headquarters of the Sandinista army, the new custodians of law and order.

Now that the rejoicing is over and life has started to return to something approaching normality—hotels, the airport and some shops have reopened—there are difficult times ahead for Nicaraguans as they seek to reconstruct their country. There is, too, a worrying situation for the U.S. with fears being voiced among the Administration's hawks that a Cuban-style revolution will ensue in Nicaragua, raising a question mark over the future stability of neighbouring dictatorships in El Salvador, Guatemala and Honduras.



Moises Hassan (left), the radical National Patriotic Front's representative in the junta, confers with Tomas Borge, the new Interior Minister, who wants a socialist revolution.

There is no denying that the great mass of people—from guerrillas to clergymen, peasants and some wealthy anti-Somoza industrialists—were united in their opposition to the dictatorship and actively involved in the overthrow of General Somoza. Without this overwhelming and well co-ordinated support, the guerrillas would probably never have achieved their victory against the well armed National Guard.

But now that the fighting is over, for how long will these groups, with their different ideologies and interests, stay united?

Having been run by the military for almost five decades, with every high-ranking officer involved somewhere along the line in the economy, be it running a company or controlling bars and clubs, will the Sandinista army return the country to civilian life and its members stick to their role of maintaining law and order? Or will they use their position to force through a socialist revolution, which the hard-line guerrillas would like to see, rather than a bourgeois democracy? These and many other questions have now to be answered.

The immediate problems facing Nicaragua, however, are to get the country back on its feet, to get the economy moving again, to cope with the massive refugee problem — 200,000 families have been made homeless—to start to rebuild the large areas destroyed by National Guard bombings and lootings and to restore confidence. The damage to property, particularly factories, is estimated at $3bn.

Differences buried

For these reasons, the political differences in the junta—made up of one moderate Sandinista, a Social Democrat intellectual, an industrialist, a radical academic and the widow of the editor of the anti-Somoza newspaper La Prensa, the symbol of principled oppotion to the regime—and the 16-man Council of Ministers are likely to remain buried, at least for the moment.

Hospitals and Red Cross centres are full of maimed women and children. People are returning to the slum areas of the capital which they fled when they were bombed; now they run the risk of falling prey to epidemics.

Oxfam has already paid out about $50,000 to various local organisations to meet immediate needs and estimates that it will need about $1m in the long term. It may launch an appeal. Aid was prevented from getting in during the fighting but is now beginning to appear. Mexico, very quick off the mark, has sent doctors and medicine.

Another immediate problem to be faced is what to do with the large numbers of former National Guardsmen who have taken refuge in Latin American embassies and with the Red Cross.

The High Command fled, but the rank and file and lower grade officers were left high and dry when General Somoza suddenly quit the country. There are almost 2,000 guardsmen in an area known as "the free zone" near the airport.

While there is a tremendous will to forget the past and a determination to look to the future, however bleak it may appear at the moment, there can be no escaping the fact that many feel that action should be taken against those guardsmen who were involved in grave crimes.

Those not involved in such acts will have the option of returning to civilian life or joining the Sandinista army. The great majority, many of them illiterate peasants attracted by a regular salary, will return to civilian life.

The junta, however, will have to do something to satisfy the people's desire for justice without letting this become senseless revenge.

It is likely to make a symbolic call for the extradition of Somoza from the U.S., but privately it admits that there is little chance of the U.S. agreeing to this, for Somoza made this one of his conditions for agreeing to leave Nicaragua for Miami.

Equally, there is an intense anti-U.S. feeling in the country. This is very understandable, given that country's role in supporting the Somoza dynasty at all costs for so many years as a bastion against Communism in Latin America; a policy which could eventually backfire unless the U.S. now keeps a low profile.

One is reminded these days of a remark by Roosevelt who, prior to a visit to the U.S. by Somoza, declared: "Somoza may be a son of a bitch, but at least he's our son of a bitch." But the dynasty took a long time to go despite belated U.S. pressure. The new leaders in Nicaragua are no longer susceptible to the U.S. and this will lead to a sharp redefining of U.S. policy towards other Central American dictatorships.

"The Sandinistas' victory is not the outcome the U.S. was expecting and this might make life difficult," Sr. Moises Hassan, the radical National Patriotic Front's representative in the junta, told me.

At the same time, the junta and the Council of Ministers have played down differences with the U.S., which had hoped that a compromise solution might have been reached whereby the Sandinistas' influence in post-Somoza Nicaragua would have been lessened with the presence of some National Guardsmen in the new law-and-order force.

But the Sandinistas won the war and now patrol the country, brandishing all manner of weapons, with all the self-importance of the former National Guard.

For its part the U.S., through its roving Ambassador, Mr. William Bowdler, has gone out of its way to be complimentary to the junta. Mr. Bowdler was invited to attend the formal ceremony in Managua when the junta arrived to a rapturous reception. Afterwards, in the National Palace, he was anxious to have himself photographed with the new Foreign Minister, Father Miguel d'Escoto.

Unemployment rising

It is on the economic front that most concern is being expressed, and in particular what political affect the dire situation might have on the population.

Austere times are certainly ahead; foreign debt is calculated at $1.3bn ($1bn in the public sector), the net international reserve position is in deficit, with liabilities amounting to $288m at the end of 1978 against assets in currency and the like of only $85m; inflation is running at probably 25 per cent; zero growth is expected in the economy; unemployment is rising rapidly and this year the country's second export crop, cotton, has been lost. The $67m IMF facility granted in May has done little to alleviate problems.

The full picture is not known, because ministries are in chaos and there are accusations that the Banco Central (Central Bank) and the Banco Nacional assets were taken by fleeing Somocistas.

The coffee crop, worth $200m last year, has not been affected by the war, but cotton could not be planted in time and therefore will not earn the forecast and much-needed $150m. This will seriously aggravate the unemployment situation. The Sandinistas, many of them Marxists, others Liberals and Social Democrats, have had the intelligence to draw up a junta and Council of Ministers in accordance with the country's immediate needs.

Thus the Industry and Finance Ministries and the Central Bank are in the hands of respected private sector people in order to inspire confidence, particularly among foreign bankers. This, it is hoped, will lead to an inflow of funds.

The junta's vague document of intent stresses the formation of a mixed economy with the nationalisation of only the Somoza family interests and possibly some private banks.

However, the key position of Interior Minister has gone to Tomas Borge, the most prominent Sandinista and member of its most radical wing —"Prolonged Popular War." Borge, a stocky man in his forties who walks with a limp after being tortured in Somoza's jails, wants to push ahead with a socialist revolution.

"The people were with us in the war against the National Guard and now we ask if they will be with us in the war against ignorance and poverty," he told an ecstatic crowd of over 100,000 on the junta's arrival in the capital. Already the Sandinistas have broken up the country into districts with a five-man "popular committee" in each.

I visited one such committee in action in Masaya, 20 miles south of Managua, and found the propaganda delegate explaining the history of the Sandinista movement and telling his audience, predominantly peasants, "It is our responsibility to carry out the revolution. From now onwards it is only us who can say yes or no."

He talked of "popular democracy" and was keen to stress to me that this was different from Communism.

Given the charisma of some of the Sandinista leaders and the fact that so many of its members gave their lives in the struggle against Somoza, the party which the Sandinistas plan to form stands a very good chance of doing extremely well in the first free general elections. As of yet there is no other party in the making to match it.

Sandinista unity

There is no date for the election, although 1982 is being mentioned unofficially.

The war has united the Sandinistas, who before it broke out were divided about tactics. Many Sandinistas will now return to their ordinary lives—some to peasant families, others to immensely richer backgrounds. Those who stay in the new army will be the more committed ones, whose leaders will be on the watch for any signs of a "counter-revolution."

Until elections are held, the junta and the Council of Ministers will be the country's executive and the yet-to-be-formed Council of State of 33 members will be the legislature. Its composition will be predominantly Sandinista and by a two-thirds majority it can veto junta and Council of Ministers decisions.

At the moment, it is far too early to say whether Nicaragua will follow the all-too-predictable paths of other countries which have overthrown right-wing dictatorships only to go down another extremist path. That, as much as many other factors, will depend on how the outside world helps this small country to recover. How it recovers may well be a pointer to the future course of other Latin American dictatorships.

MEN AND MATTERS

A case of twice times confusion

The Fourth Estate will have come to a pretty pass today. Not just one, but two spoof editions of The Times will be competing for readers on the streets of London. The originators of Not Yet The Times, having felt proud of their own boldness, were taken aback yesterday to learn of a last-minute rival.

An Italian magazine group is rushing out 75,000 copies of a four-page version at 20p a copy; it is just called The Timès—with a grave accent over the second "e," presumably with the aim of forestalling copyright difficulties. It was being printed last night "somewhere in England" and will be handled by a distribution company based just south of Blackfriars Bridge.

The genuine spoof, as it were, is a more weighty effort: 16 pages at 60p a copy, with a print run of 200,000. Produced by a combination of freelances and insouciant staff journalists, it is a piece of stylish satire—with even a crossword for nostalgic readers of the genuine article.

The Italian effort comes from the producers of a vitriolic political magazine called Il Male (The Bad). If Il Male is anything to go by, London will be in for a shock—the magazine is constantly engaged in libel suits and has already brought out hoax editions of the leading Rome dailies.

One of these announced the start of the Third World War, another proclaimed that 25 leaders of the Christian Democrat party had committed suicide. Il Male also distributed a spoof copy of a Communist newspaper when the Pope made his trip to Poland.

Vision splendid

There is nothing like a uniform to earn respect. Alfred Howard, 87-year-old town crier for the London borough of Lambeth, wore his colourful uniform—red frock coat, black breeches, three-cornered hat—throughout his recent trip to Manila, capital of the Philippines, as part of a British fortnight.

On his first morning at the hotel a waitress approached and asked deferentially, "What would Your Majesty wish to have for breakfast?" On another occasion a young man fell to his knees, kissed Howard's hand and uttered, "Gold bless you, Bishop."

Promoting Britain

The £26,000 job of running the British Council, which currently spends funds totalling £100m a year, has gone to John Burgh, a top civil servant. He will take over next spring from Sir John Llewellyn, retiring at 65.

Burgh said yesterday: "I have had a series of fascinating jobs during 30 years in the civil service. But I applied for the British Council post because I am very interested in the council's primary objectives. I shall be glad to be outside the machinery of government."

Born in Vienna in 1925, Burgh came to this country as a child and was educated at a Quaker school in Oxfordshire. He left school at 15, worked for five years in aircraft factories, then won a Leverhulme scholarship to attend the London School of Economics. His civil service career included an exciting spell in the mid-Sixties as principal private secretary to George Brown, then Secretary for Economic Affairs.

Burgh is now a deputy secretary in the Department of Trade and was until April with the Prices Commission, where he played a key role in formulating policy. His main personal interest is music—he is closely involved with Covent Garden. But he says he has no plans for up-grading music in his future task of promoting understanding of Britain.

Now—Cricklewood

CRICKLEWOOD, one of north-west London's less glamourous suburbs, may yet vie with Hollywood and Pinewood as a mecca of the film world—at least if the Samuelson Film Service, the UK's leading hirer of cameras to the film and television industry has anything to do with it.

It is establishing a two-acre production village for commercial film work on the Cricklewood Lane site of the first Handley Page aircraft factory. The first splash of colour—a landscaped duck pond — is already finished, and exotic frontages are being added to the surrounding factory buildings.

The film complex, also boasting a pub, shop, and restaurant, will be a base for shooting, processing and editing film commercials.

Many film commercials are currently made at smaller studios in central London, but finance director Tony Samuelson, is confident that the "village," as it will be called, will be a success. Shooting has already begun there and it is booked up for several weeks.

To prove just how serious he is about putting Cricklewood on the map, Samuelson plans to publish a book about it. "It is," he insists, "far more interesting than Hampstead or Highgate."

Peer at the pier

Sir John Betjeman, the Poet Laureate, this month launched an association to defend British piers. He will doubtless be glad to learn of a surprising foreign interest in these fast-vanishing Victorian edifices.

It comes from Huo Shilian, Agriculture Minister of the People's Republic of China. He is in Britain this week to study farming methods, and will end his tour of the West Country flourishing dairy farms with a day at the seaside.

High on the agenda is a visit to the Weston-super-Mare pier. His host will be Jerry Wiggin, Junior Minister of Agriculture.

Cross words

Sign at a City underground station reads: "Property is an anagram of prosperity." To which someone has added: "Broadmoor is an anagram of boardroom."

Observer

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Beneficent ministerial thoughts about the NCB

By JOHN LLOYD

Accepting the reign of King Coal

DURING the early part of this year, the question buzzing around among officials of the National Coal Board was what, if they were elected, the Tories would do with coal. Now, as a Conservative Government approaches the end of its first brief parliamentary spell, one can begin to answer that question.

The first signs are that the answer will be a surprising one—one that will in some ways at least, confound the gloomier forecasts of those in the industry who fancied that the Tories would cut development plans and budgets in favour of rapid growth in nuclear power, and of imports of cheap foreign coal. Not so, it seems. The Government is anxious to be the industry's benefactor.

A number of decisions were taken about the time of the change of Governments which gave a certain inevitability to expansionism. The Labour administration reduced oil imports to power stations by 2.5m tonnes this year and ordered an increase of the coal burnt by them of 5m tonnes. The NCB, in the words of its chairman, Sir Derek Ezra, is "doing its damnedest" to supply an unprecedented 75m tonnes of coal to the Central Electricity Generating Board this year with another 8m tonnes to the South of Scotland Electricity Board.

Subsidisation

One of the first duties performed by Mr. David Howell, the new Energy Secretary, on taking office was to preside over a meeting of members of the International Energy Agency which committed them to find ways of burning more coal.

Last month, the Economic and Social Committee of the European Community, meeting in London, expressed strong support for long-mooted plans to subsidise intra-European trade in power station coal. It is expected that these plans will be dusted off again later in the year, and have a fighting chance of being accepted this time. That decision would give the NCB an extra market of more than 8m tonnes.

The Government, then, has to accept the reign of King Coal: and it must also deal with the problems which proliferate in his kingdom. These are:

● **PRODUCTION** was targeted to rise from 125m tonnes when the 1974 Plan for Coal was adopted to 135m tonnes a year by 1985. Deep-mined output has fallen every year since then, though open-cast output—about 10 per cent of the whole—has risen, ensuring a very slight overall rise.

● **PRODUCTIVITY**, on a long-run downward trend since the early 1970s, was given a push upwards last year after the introduction of a regional productivity bonus scheme. This year, productivity (measured as output per manshift, or OMS) is falling once more. "No scheme is perfect," Sir Derek Ezra observed in a recent interview. His managers believe, however, that the scheme has ensured that OMS, and production, are better than they would have been without it. Sir Derek himself has drawn attention to serious geological faulting in the high-output areas of North Yorkshire and the South Midlands.

● **CLOSURES** of worked-out pits are a necessary part of the NCB's plan for coal, since these low-output, labour intensive mines constitute a big hole *down which the Board must* throw money. However, the National Union of Mineworkers has taken an increasingly hard line against closures, successfully standing out against an area board's decision to close Walton Colliery in North Yorks. and more recently, an NCB decision to close Deep Duffryn, in South Wales, which is now losing £20,000 a day. No redundancies were attached to the closure of Duffryn: all its mineworkers were offered jobs in pits nearby. The NUM, in South Wales and nationally, was, however, adamant. How far the NCB had its arm twisted by Government to reverse its decision is not known: but it is certain that the Government did not want to take on the miners in the middle of an oil shortage when coal stocks were low.

● **IMPORTS** of both coking coal and of power station coal are now being considered by the British Steel Corporation and the electricity boards. BSC wants high-quality coke for its new Redcar works which it claims the NCB cannot supply: the CEGB is worried about a shortfall in the NCB's target of 75m tonnes, and wants to close contracts with the Australians and perhaps the Poles. The NCB (and the NUM) are against both.

● **FUNDS** needed by the industry rise inexorably year by year. Currently, Sir Derek is once more a claimant on the Treasury, asking for around £100m more in grants — the present level stands at £175m — to cover heavy interest charges which are a consequence of his growing capital expenditure. Sir Derek stresses that he must invest heavily now to assure the industry's future, and that only a small part can come from internally generated funds. The target for self-financed capital expenditure is 50 per cent: the actual figure in 1977-78 was 37.5 per cent: figures for the past year, yet to be released, will show it was still lower. The NCB's biggest slagheap is debt.

● **WAGES CLAIMS** approved at the NUM conference call for a 65 per cent rise for face workers. This is a high starting figure, and high oil prices, low coal stocks, and a Conservative Government will not make the *NCB's task at the bargaining table an easy one.*

This, then, is the position in which the largest coal industry in western Europe finds itself, and the major difficulties which attend it. *What are the Ministers* concerned — Mr. John Moore, the energetic junior Energy Minister whose chief charge is the coal industry, and Mr. David Howell, who spent his first weeks up to the neck in an oil crisis — to make of it?

As the ministers sit down to review Plan for Coal, and consider what initiatives they will announce, probably shortly after the summer recess, these are the ideas which they are understood to be considering, and are likely to commend to their Government colleagues (especially those in the Treasury).

All discussion will take place against a background of support for the industry's expansion. Ministers will want the question of "whether" disposed of, and the question of "*how*" brought in, centre stage.

A strategically crucial extractive industry, faced with enormous capital projects and long lead times, is going to spend a lot of money which it cannot, at present, generate itself. The "how" question here is—how it is to be funded.

At present, almost all of NCB capital is loan, on which interest must be paid—interest which, as we have seen, Sir Derek must seek to cover by government grants. Ministers—especially those with financial backgrounds — might be expected to be eager to introduce a substantial amount of equity into that funding. The equity would be public dividend capital, public money which differs from loans in being repayable not in fixed annual amounts but by negotiation between Government and industry—in practice when the NCB can afford it.

Still looking *hard* at NCB accounts, a financially minded minister would also note that the third largest charge against revenue, after wages and materials, was pensions paid to some 254,000 former miners and miners' widows, totalling £328.9m (including national insurance contributions). The NCB is paying more former than present employees. If the minister wished to make the accounts look better, he might reflect that few other industries have to bear a comparable cost and recommend that it should be assumed by the Government.

Contributory

Pressing further along his iconoclastic path, the minister would note that redundancy payments and removal grants paid to mineworkers are low by the standards set, for example, in the British Steel Corporation. He might conclude that this could be a contributory cause of the adamant stance of the union against closures.

At present, a mineworker under 35 made redundant receives only the benefit entitlement under the Employment Protection Act. Between 35 and 55, he receives a *further*, relatively small, lump sum from the board calculated under the Redundant Mineworkers' Pension Scheme. After 55, he receives around 90 per cent of pre-redundancy take-home pay for three years, and a small allowance after that if he is registered for employment but out of work, as well as his entitlement under the Act. Removal grants are calculated *on a series of criteria, the main* elements in them being rent allowances and a £350 settlement grant. If payments were substantially increased — BSC has paid out lump sums as large as £15,000 in redundancy—then closures by any name at all might smell much sweeter.

All of these measures would, *of course, involve extra government expenditure.* At the same time, they might well return the NCB to profitability. Instead of razor-thin profits, or losses, it might be able to turn in Post Office-style *surpluses*. And that, it might be argued, could do wonders for it.

Such financial restructuring—in large part, a removal of certain costs from the board to the Government—might be accompanied by a further parallel series of moves. These would build on the confidence given to the industry as a result of its return to profitability by shifting it away from a reliance on set output targets, towards a more flexible posture of meeting demand, with the crucial assurance that all its output would be sold.

To some extent, this simply *recognises the fact that* the target of 135m tonnes by 1985 is highly unlikely to be met, and that a more probable outturn will be 130m tonnes. But—it would be argued—why worry? The critical thing is not the plan, but profitability and continued investment. This change of self-image, almost amounting to a psychological shift, would seem to be the major aim of government policy. Once the industry stopped being defensive about its expenditure and its targets, then other problems might cease to loom so large.

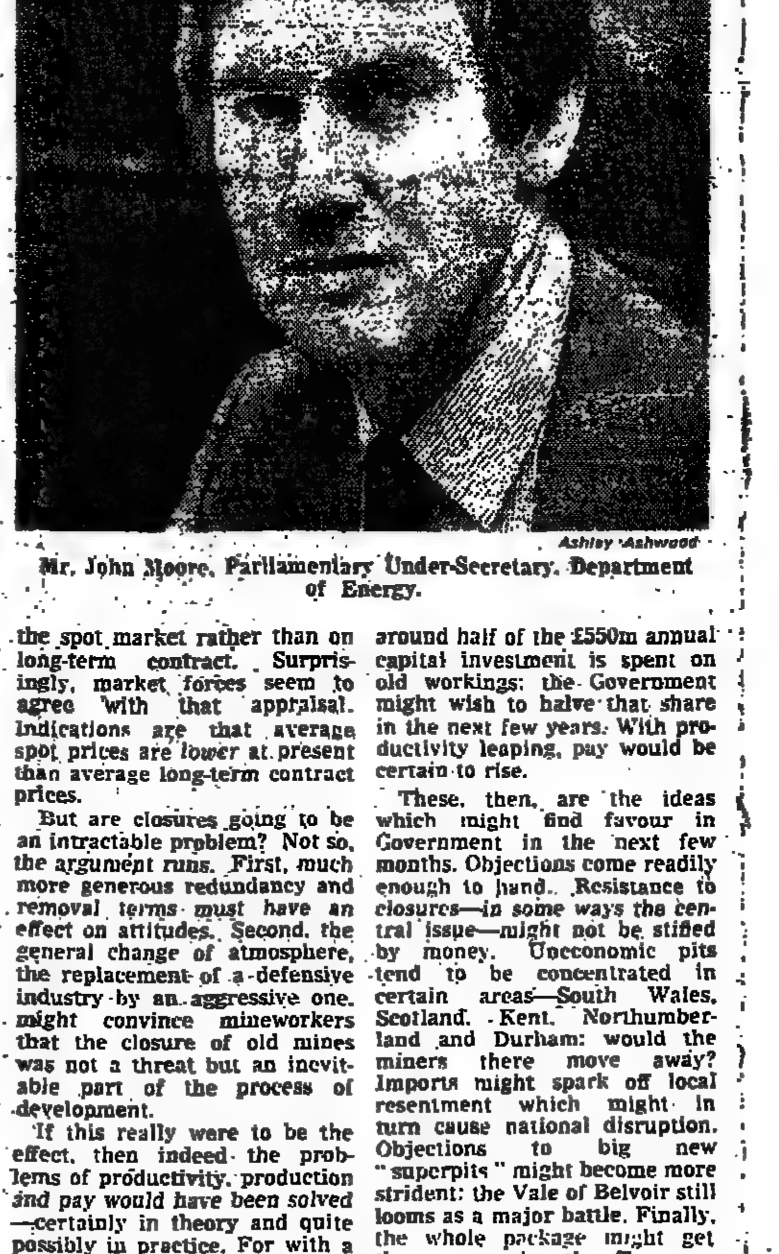
Imports, for instance, might cease to be of concern once sales were assured. Besides, the volume of coal traded internationally is a mere 40m tonnes—less than half the country's power station burn. Any imports could only be *marginal and—as Sir Derek has* pointed out—prices are already rising. Large-scale imports would push prices up further, and defeat the purpose. Further, the Government would appear to have accepted the NCB's case that any extra imports made by the Central Electricity Generating Board should be on the spot market rather than on long-term contract. Surprisingly, market forces seem to agree with that appraisal. Indications are that average spot prices are *lower* at present than average long-term contract prices.

But are closures going to be an intractable problem? Not so, the argument *runs*. First, much more generous redundancy and removal *terms must have* an effect on attitudes. Second, the general change of atmosphere, the replacement of a defensive industry by an aggressive one, might convince mineworkers that the closure of old mines was not a threat but an inevitable part of the process of development.

If this really were to be the effect, then indeed the problems of productivity, production *and pay would have been solved* —certainly in theory and quite possibly in practice. For with a steady programme of closures of uneconomic pits, resources would be freed to invest in high-output collieries and faces, where OMS could be five times higher than the present average of 2.2 tonnes. At present, around half of the £550m annual capital investment is spent on old workings: the Government might wish to halve that share in the next few years. With productivity leaping, pay would be certain to rise.

These, then, are the ideas which might find favour in Government in the next few months. Objections come readily enough to hand. Resistance to closures—*in some ways the central issue*—might not be stifled by money. Uneconomic pits tend to be concentrated in certain areas—South Wales, Scotland, Kent, Northumberland and Durham: would the miners there move away? Imports might spark off local resentment which might in turn cause national disruption. Objections to big new "superpits" might become more strident: the Vale of Belvoir still looms as a major battle. Finally, the whole package might get thrown out by the Treasury.

At this tentative stage, however, the Government is signalling its good intentions to all concerned. They might ensure the Government a fair trial, at least.



Ashley Ashwood

Mr. John Moore, Parliamentary Under-Secretary, Department of Energy.

Letters to the Editor

World commodity centre

From the Chairman, Committee on Invisible Exports

Sir,—I see from your excellent report on the proposed World commodity centre (July 20) that, although Mr. John Nott, the Secretary of State for Trade, supports the idea of establishing such a centre in London, the Treasury is apparently still refusing to provide any financial support, even to the point of matching an amount of £3m offered from the private sector. It is in my view extremely short-sighted.

Such a centre, which could house not only the existing international commodity organisations, but also the headquarters of the proposed UN Common Commodities Buffer Stock Fund, would consolidate a large part of the invisible income already generated in the City's international commodity markets and could lead to other kinds of invisible income. London, as the financial and commercial capital for international business, is the natural home for such a centre. It seems a pity that out of Government expenditure of thousands of millions of pounds per year, the imaginative use of £3m should be refused.

(Sir) Francis Sandilands.
7th Floor,
The Stock Exchange, EC2.

An interest in Ferranti

From Mr. D. Rooney

Sir,—The various options outlined in your article of July 16 re the future of the National Enterprise Board's shareholding in Ferranti expressed the apparently true, but unspoken, attitude of the Government and to a lesser extent the NEB and Ferranti Board—"What does the trade union movement's viewpoint matter to us?"

Since the financial crisis of 1974, and the subsequent rescue operation in 1975, you rightly inform your readers about the tremendous financial recovery to profitability that has been made by the company. We have, as a community, justified the trust placed in us by the then Labour Government and realised a handsome return on the investment it made on the taxpayers' behalf.

What you overtly fail to realise is that such a recovery could not have been achieved without the co-operation and sacrifice made by the trade union movement in the company. Considerable co-operation is given throughout the company towards efficient working practices, the introduction of new equipment, to *maintain the* company's competitive position. Extensive reorganisation has taken place in the north west group, by and large, with the co-operation of the trade unions.

Yet, with all the vultures preparing for an attack, the trade union's viewpoint with regard to the sale of the NEB's shareholding, is not even asked for. Therefore, allow me to volunteer same.

Our first preference would be for the 50 per cent shareholding to remain with the NEB. Realising however, that this viewpoint is anathema to the present Government, for whom we have a healthy respect, the other extreme, involvement with Racal, GEC or Philips is anathema to us. From this position we would wish to discuss the alternatives with the Government, NEB and the Ferranti Board.

We are firmly of the opinion that the Government should retain an effective shareholding in the company. What we would wish to explore, is the possibility of an employees' shareholding, allowing the employees to have an effective share in the *equity base of the company*. This could be arranged in the form of a trust. Furthermore, despite problems that have arisen, we would wish to continue with the present corporate structure and management. Whether such an opportunity for discussing such matters will ever be given to the trade unions, is questionable, but one hopes that someone will realise it would be wise to consult us.

If, however, it is the intention of the Government to sell to the highest bidder and allow the "pure theory of market capitalism" to run its course, then, advocates of such will surely not object when the trade unions react accordingly.

D. Rooney.
(Shop Convener, Joint Shop Steward Committee),
Ferranti,
Ferry Road, Edinburgh.

The Revenue and liquidations

From Mr. A. Kayes

Sir,—I have never really understood why the Inland Revenue is allowed to take first whack in liquidations. Why should VAT, PAYE, one year's company taxes (if any) etc. take precedence *over those* creditors who have supplied real goods and services?

Surely, the effects of these preferred creditors are cumulative? A trade supplier who is unable to collect (because the Revenue has taken all the available cash) may be, and often is, himself forced into bankruptcy—with, of course, the Revenue once again taking priority.

In my view, the Revenue should waive all the rights *given to it* under Section 319, to the advantage of the trade creditors. What are now preferred, creditors should become deferred. I am sure that the initial loss to the Revenue would be more than compensated in the long run by the fact that fewer businesses would be forced to close. And the benefit to the community at large would be obvious.

A. L. Kayes,
216 East Lane,
Wembley, Middx.

Back to first principles

From Mr. G. Edge

Sir,—The Massachussetts Institute of Technology application report, reviewed by Christopher Lorenz (July 18) *does* not succeed in making the point clearly that a majority of microprocessor applications whether in the U.S. or elsewhere have fallen into what we have christened the "duality trap." This trap appears to be automatically reset by the emergence of any new technology be it steam engines, flying machines or microprocessors. We fall into the duality trap when we persist in *viewing the new* technology strictly in terms of existing technology—thus steam carriages even had horses heads on the front, flying machines had to be like birds and so on.

The unwary apply *microprocessors by saying "what parts of* a car can I replace on my product with a micro?" Whereas the real question is: "Given a microprocessor would I really start from here or should I go back to first principles?" That is, do not replace the governor on the steam engine with a microprocessor but rethink the whole steam engine concept given the sensor input, and control features available. Try it—you may be surprised.

Inevitably though, when going back to first principles in this way, we find that the trend towards specialisation in education during the last three decades lets us down with a resounding bang. We simply do not have the breadth of training to even recognise the problem facing us much less solve it. How are the universities and technical colleges facing this problem? Three-week courses on microprocessor technology simply will not do! Every engineer and scientist needs to retrain himself to some degree in all the scientific disciplines so that, at the very least, he can see an opportunity and know just where to go to solve it.

Unless this problem is solved the intrinsic value of the micro*processor and its successors will* never be transformed into commercial and social value. May I ask the educationalists what they propose to do about it?

G. M. Edge,
Patscentre International,
Cambridge Division,
Melbourn, Cambs.

Joining the European Monetary System

From Mr. N. Brittain

Sir,—Mr. Walker-Watson (July 17) suggests that our adoption of the European monetary system looks increasingly imminent, asks whether, now *that the pound* is "strong," this is indeed the right time to join and implies that such a move would make "forward cover" in overseas trading unnecessary. Might I possibly express a contrary view?

I am not convinced that it would be wise for us to join the EMS at all, unless it were to gain some political as against economic advantage. Like the "snake" before it, the EMS is attempting what is really the impossible albeit laudable task of stabilising the currencies of a number of individual economies with different growth rates, different levels of inflation, different *balance* of payments situations and different interest rates. As such, it is bound to fail unless each of the members is prepared, and indeed is able, to adjust each of these *factors* in their respective economies to the Community average, or unless full monetary union is adopted. While there is a powerful case for the latter, it is difficult to see individual Governments agreeing to it in the foreseeable future, since this would drastically reduce their own power base. It is also equally doubtful that the more successful members of the Community *would meekly* allow their economic performance to be adjusted downwards to the Community average simply to ensure the future of EMS. If it is thus unlikely to succeed, is there really any point in joining it?

Given this doubt about the wisdom of joining EMS anyway, the question of whether one *should do so now* because of the current strength of sterling is thus an irrelevance. One might equally ponder, however, on whether, without the constraints of EMS, the pound might not strengthen even further and, contrary to the views of many commentators, whether such a development should not be actively encouraged. There is at least a very good case for suggesting that neither our imports *nor our exports of manufactured* goods are particularly price elastic and that our recent propensity to import them in increasing quantities and to be less than competitive in some of our export markets has more to do with aspects of design, delivery and service rather than price *per se*. At least this is the overall impression one gains talking to businessmen in different parts of the world. If, indeed, it is the case; then a stronger pound could enable us to earn more purchasing power even if export volume might be reduced, although even this might not be necessarily bad over the longer term if it encouraged and enabled industry to improve its marketing and quality of service to its customers.

The big advantage of a strong pound, however, is, of course, in the much lower cost of imported raw materials which results and this will have a far greater effect on restraining inflation than any artificial curbs on wages imposed by Government. A less quantifiable but probably equally important aspect is the effect on the morale of both businessmen dealing internationally and the population as a whole as their wealth, measured in a common currency against other countries, is seen to rise. The effect to which export profit margins might also benefit would depend on whether sales were invoiced in sterling or a foreign currency, but even where they suffered because companies charged the "local market rate", for their goods, this might paradoxically act as an incentive to increase export volume in order to maintain overall profitability as has been the case with many German and Japanese companies in recent years.

Even if we *did* decide to join the EMS at the present time and justified this on the grounds of the current strength of sterling, "forward cover" would still be very necessary in overseas trading, *as against trading within* the EEC, where conceivably it may not be. Although sterling would be "stabilised" *vis a vis* other EEC currencies, this would not necessarily have any *obvious* influence on its value against currencies outside the EMS and companies in the UK would normally have to continue to forward cover against these in the same way as their European counterparts still do. Even for trading within the EEC, however, the degree of movement allowed for individual currencies within the EMS, if compounded over a relatively short period, could easily more than wipe out a typical level of trading margin earned on export sales and the prudent business would probably be well advised to continue taking out forward unless the respective economic cover on such transactions performances of the individual members become a great deal more homogeneous than they are at the present time.

N. J. Brittain,
Churchfields,
Church Lane,
Witley,
Nr. Godalming, Surrey.

Today's Events

GENERAL

UK: Provisional July figures for unemployment and unfilled vacancies.

Meeting of Chemical Unions Council to discuss moves by members seeking clarification of Government views on planning for the industry.

Sir Charles Villiers, chairman, British Steel Corporation, meeting members of Clwyd County Council at Shotton for talks on British Steel's decision to end iron and steel making there.

Second and last day of Financial Times conference Budget 1979—closing address by Sir John Greenborough, president, Confederation of British Industry.

Power workers' pay talks resume, Electricity Council, Millbank, London.

British Gas Corporation annual report.

Overseas: Meetings of EEC Foreign and Agriculture Ministers, Brussels.

OFFICIAL STATISTICS

Bricks and cement production (June).

PARLIAMENTARY BUSINESS

House of Commons: Debate on regional industrial policy. Motion on regional development grants order, motions on employment protection and unfair dismissal orders.

House of Lords: Finance Bill, all stages. Education Bill, remaining stages. Various motions for approval. Criminal Injuries Compensation Bill committee. Short debate on Gibraltar's membership of EEC.

COMPANY RESULTS

Final dividends: Arlington Motor Holdings. Rosgill Holdings. Sheffield Refreshment Houses. Siebe Gorman. Wheeler's Restaurants. Interim dividends: Allied Textile Companies. CSC Investment Trust. Ladies Pride Outerwear. National Westminster Bank. Vantage Securities.

COMPANY MEETINGS

Attwood Garages, Clarendon Hotel, Chapel Ash, Wolverhampton, 12. Bankers' Investment Trust, Winchester House, EC, 2.40. GEI International, The Dorchester, W, 12. New Throgmorton Trust, 25 Milk Street, EC, 12.30. Norwest Holst, Carlton Tower Hotel, SW, 11.30. Pegler-Hattersley, Doncaster Racecourse, 12. Staveley Industries, 12 Great George Street, SW, 12. Sterling Industries, 2 St. Mary Axe, EC, 12.30. Transparent Paper, Cafe Royal, W, 12.30. Whitbread Brewery, Chiswell Street, EC, 12.

Drake & Scull rises 18% to £1.3m in first half

PRE-TAX profits of Drake and Scull Holdings, electrical, mechanical and construction engineering concern, rose 18 per cent from £1.11m to £1.3m for the six months ended April 30, 1979 on turnover up 31 per cent to £23.9m.

Mr. Michael Abbott, the chairman, says the improved performance was achieved despite an absence of stable market factors, both in the UK and overseas. He adds that trading in the current half is continuing "at a most satisfactory level."

Profit for 1977-78 fell slightly from a record £2.62m to £2.53m.

For the half-year, earnings per 25p share are shown to be unchanged at 3.8p basic and 3.4p fully diluted. The net interim dividend is increased from 1p to 1.25p—last year's final payment was 1p.

	Six months 1978-79 £000	1977-78 £000
Turnover	23,929	18,180
Profit before tax	1,304	1,106
Tax	582	331
Corporation tax	490	104
Overseas	92	227
Net profit	722	775
Minority interests	—	53
Extraordinary debits†	7	290
Attributable	715	432
Preference dividends	119	95
Ordinary dividends	199	139
To reserves	397	198

† Comprises currency adjustments £16,000 debit (£278,000) and other items £9,000 credit (£12,000 debit).

Mr. Abbott states that during the period the directors received new orders totalling £56m, a record for the group.

Subject to a satisfactory conclusion to discussions with the Department of the Environment, the chairman says that capital reconstruction proposals will be tabled for shareholders' approval.

He adds that on present expectations this reconstruction should effectively eliminate the negative reserves in shareholders' funds without the need for any rights issue.

"One important effect of these proposals will be to permit the continuing payment of dividends," he states.

● comment

Drake and Scull looks to have dropped its plans to accompany the proposed capital reconstruction with a rights issue. The present chilly climate for such funding has clearly influenced this change of plan and the forthcoming property revaluation is expected to show a significant surplus. In addition, the trading outlook indicates a higher level of retentions. At the pre-tax level, profits climbed 18 per cent at the interim stage with a substantial benefit from the mechanical and electrical engineering division's involvement in public sector modernisation. The group has apparently taken a peak level of new orders since the last financial year end, indicating an improvement of more than 15 per cent in real terms. The outlook, then, is for earnings of at least 6.8p per share, on a same again tax charge, where the p/e is an undemanding prospective 5.6 at 39p. That leaves plenty of scope to repeat the interim dividend at the final where the yield would be 9.4 per cent. Before any final dividend can be proposed the £6.4m deficit on reserve must be eliminated by a reconstruction which, in turn, must be preceded by the conversion of the Department of the Environment holding of "E" preference shares. The shares are unlikely to move very far forward until the reserve deficiency is safely out of the way, hopefully in th autumn, and even then, on the assumption that the Government's 13.6 per cent stake in the resultant equity is placed, investment demand should be satisfied over the foreseeable future. One for the longer term.

HIGHLIGHTS

British Aerospace seems to be preparing for a reconstruction to make it possible to sell shares to the public at an early date. Lex looks at some questions involved in these proposals. The annual report and accounts from Mercury Securities suggests that returns from links with S. G. Warburg and Paribas have been a little disappointing. Elsewhere, official statistics show that financial conditions have worsened in the company sector and sharply higher borrowing has resulted during the first quarter. Other results of note come from AAH, Drake and Scull and IAS Cargo.

AAH's progress curbed by jump in interest costs

A SHARP rise in interest costs partly offset a £1m advance at the trading level for AAH in 1978-79, leaving pre-tax profit ahead £0.53m at £5.83m. This 8.2 per cent rise was achieved on a 13.9 per cent increase in sales to £264m, in the year to March 31, 1979.

In March, when reporting nine months surplus up at £4.16m (£3.96m), the directors forecast profits for the year similar to those for 1977-78.

The higher interest rates seen in the second half had a severe impact on the interest costs of British Fuel Company, whose borrowings to finance its seasonal fuel trade are at a peak in the winter. This together with increased prices of stocks lifted net interest costs from £736,000 to £1.2m.

Mr. W. M. Pybus, the chairman, stated that the group's management accounts in the current year show overall growth in trading profits over the corresponding period of last year.

The group's policy remains one of expansion by internal growth and, when suitable opportunities occur, by acquisition, he adds.

The company intends to continue to seek expansion of its market share of solid fuel distribution. The recent OPEC decision promises a bright future for solid fuel. If the efforts of the National Coal Board are successful in improving supplies, it should ensure a profitable future for AAH in solid fuel distribution, Mr. Pybus says.

A tax charge for the 12 months of £3.56m (£3.26m) left earnings per 25p share 1.15p better at 15.17p. A net final dividend of 3.975p steps up the total to 7p (6.14295p) and costs £1.14m (£1.1m). The retained balance emerged at £2.12m (£1.96m).

There was a low demand for solid fuel and fuel oil distribution in the first eight months when the weather was mild but the very cold conditions in the final four months raised demand to an exceptional level.

However, the weather and industrial action made the final quarter a testing time for the group's other activities.

Sales and trading surplus, of £8.02m (£7.04m), analysed by activity shows in £000s: solid fuel distribution £155,368 (£148,579) and £3,045 (£2,654); oil distribution £32,267 (£27,305) and £667 (£530); builders supplies £26,678 (£22,563) and £979 (£833); pharmaceutical supplies £23,156 (£20,344) and £1,228 (£1,206); engineering £7,367 (£7,153) and £368 (£153); road haulage £9,334 (£8,633) and £662 (£463); and miscellaneous £8,632 (£7,460) and £117 (£196).

The solid fuel results include a £616,876 contribution from Western Fuel Company.

Disposals of solid fuel to power stations and coke ovens fell by 12.7 per cent but domestic sales were maintained and there was a marginal increase in export and industrial tonnage.

The very tough trading climate for pharmaceutical supplies persisted throughout the year and has intensified since year end. Even so, Mr. Pybus is confident that in the longer term this activity will achieve profit growth in line with the rise in turnover.

Mr. Robin Leigh-Pemberton, chairman of National Westminster Bank, seen in the new, fully-computerised Foreign Exchange Dealing Room. The bank's interim figures are expected today.

● comment

After forecasting a similar result to the previous year AAH has turned in higher profits for the twelfth successive year. The steady growth owes much to a cautious acquisition policy, which has built a strong anti-cyclical pattern into the group's record. This was evident last year when solid fuel and oil lagged behind overall growth for the first nine months, but then more than doubled trading profits in the last quarter while bad weather—which boosted the fuel demand—was slowing down other sectors. The current year may see a reversal of the decline in solid fuel's contribution to trading profits—now well under 50 per cent. Stock profits are being realised through the recent coal price rise and there will clearly be ample demand this year, but much depends on whether the NCB will meet its supply targets. At 114p the shares yield an attractive 9.3 per cent, while a stated p/e of 7.3 reflects the market's belief that measured growth will continue.

IAS beats forecasts with £1.3m profit and 3p payment

Profits before tax of IAS Cargo Airlines reached £1.32m for the year ended March 31, 1979, compared with £801,257 in the previous year and a forecast of not less than £1m given in last December's prospectus, when the company made its first share flotation prior to becoming publicly quoted in the unlisted securities market.

Earnings per 25p share rose from 9.25p to 14.53p and the dividend for the year is 3p against a forecast of 2.8p in the prospectus.

Turnover amounted to £28.3m compared with £27.4m. Tonnage carried rose by 9 per cent to 55,200 tonnes, with business between overseas points showing the most rapid development.

Retained profits emerged well up at £1.57m (£406,000). Nearly £84,000 was allotted to the purchase of shares for employees under the company's new profit-linked share plan. In addition, its employees purchased £65,000 worth of shares at the time of the public flotation.

An extraordinary general meeting is to be held to approve the terms of a conditional agreement to merge IAS with Transmeridian Air Cargo, a member of the Trafalgar House Group. It is proposed to name the new company British Cargo Airlines.

IAS holders will own 65 per cent of the company, with Cunard (Trafalgar House) holding the remaining 35 per cent. This combined air cargo force will be the largest all-freight airline in Europe.

Mr. Alan Stocks, the IAS chairman, explains that trading conditions in the year were unpredictable as always, and cites the company's vigilance and flexibility as a major reason for its continued success.

He says the company is looking for new markets in Southern Africa and North America to offset declining trade in established areas such as Nigeria.

The chairman states that the rapid rise in oil prices and difficulties with fuel availability throughout the world is bound to have an effect on the movement of trade generally.

Members are told that "one has to rely on your company's successful record as an indication of future prospects."

At balance date, working capital had increased by £1.48m, against a £0.78m decrease previously.

Meeting, The Tower Hotel, E., August 15, noon.

Stirling Knitting downturn

IN THE second half of 1978-79 profits of Stirling Knitting Group contracted by some £81,000 to £101,870. This left the total for the year ended March 31, 1979 at £305,870, compared with £380,379 last time.

After a tax credit this year and extraordinary debits, the available profit is up from £98,977 to £152,470. Earnings are shown at 11.27p (6.74p) per 30p share, and a final dividend of 0.4p maintains the net total at 0.75p.

	1978-79 £	1977-78 £
Turnover	9,814,230	5,453,380
Profit before tax	305,870	380,379
Tax credit	16,606	†191,775
Extraord. debits	170,006	89,627
Attributable profit	152,470	98,977

† Charge.

EDINBURGH AND GENERAL INVS.

Edinburgh and General Investments proposes to change its name to Edinburgh General Insurance Services.

Amalg. Distilled sees further progress in whisky exports

FURTHER PROGRESS in Scotch whisky export sales in major markets, substantial growth in profit from whisky warehousing, blending and bottling at Grangemouth, and an increasing profit contribution from the U.S. beer importing business are predicted for the current year by Mr. Ellis Goodman, the chairman of Amalgamated Distilled Products, the Glasgow-based distiller, blender and bottler of Scotch whiskies, beer exporter, and duty-free supplier.

In his annual report, Mr. Goodman tells members that while improved market conditions resulted in better margins on mature blend and malt whisky sales to trade customers during the year, market prices are still below replacement cost, necessitating a high level of borrowings to maintain stock levels.

Sales of the group's major leading brands of Scotia Royale, Old Court and Fraser McDonald in Japan and South America have been encouraging.

At March 31, 1979, the group's bank borrowings, including short-term advances, amounted to only £1,126,774 compared with £2,588,014 the previous year. Stocks were £524,292 lower at £3,144,505 and debtors were almost halved at £1,985,533.

The disposal of the UK beer bottling business of Robert Porter to Gibbs Mew and Co. is reflected in the group's improved cash position. At the year-end group's bank and cash balances amounted to £332,418 compared with £45,647.

Certain of the group's properties were revalued during the year and a resulting surplus of some £900,000 has been credited to reserves.

Of the group's beer exporting activities, Mr. Goodman warns that while the company now has production contracts enabling it to work at full capacity on a long-term basis "it will be a struggle to obtain a reasonable level of profitability."

The launching last summer of the group's own export beer, Porter's Bulldog Lager, in the U.S. resulted in good initial sales. Although the falling value of the dollar has eroded profit margins, the long-term prospects appear encouraging, the chairman adds.

As reported July 14, after an improvement in the second half, group taxable profits for the March 31, 1979 year advanced from £96,861 to £112,775, on reduced turnover of £13.6m (£14.1m).

Meeting, Edinburgh, September 12, noon.

Recovery by Union Intnl.

A RECOVERY from £6.26m to £10.13m in group profit, before tax, is reported by Union International Co. for 1978.

Provided lower interest rates are seen shortly and no exceptional circumstances arise during the year the chairman believes an improved result can be achieved in 1979.

The profit in 1978 was achieved from a turnover up from £856.4m to £955.8m and was struck after higher interest charges of £13.33m against £11.29m. The net taxed profit comes through at £7.06m compared with £3.96m and the dividend is unchanged at 10 per cent gross.

	1978 £	1977 £
Net profit	7,063,697	3,955,572
Turnover	955,800,000	856,400,000
Depreciation	7,877,662	7,987,581
Interest	13,329,892	11,294,823
Associates	2,048,030	1,453,401
Profit	10,125,852	6,262,877
Taxation	3,062,155	2,307,305

The group produces foodstuffs and by-products from animal and vegetable sources. Its subsidiaries include British Beef and J. H. Dewhurst, the butchers chain. The ultimate holding company is Western United Investments which is controlled by Mr. E. H. Vestey and Lord Vestey.

Winding-up of 26 companies

Orders for the compulsory winding up of 26 companies as made by Mr. Justice Slade in the High Court were: Bilksem Geophysical Services; Downstead Developments (Southfleet); Benson, Perry and Whitley; Wasdell; Victor Construction Co. and Greenream.

T. and J. Home Improvements; Broadway; Pressure Foods; Gaycosmetic Products; L. and H. Properties (Paddington); Tower Mechanical Services and Centur-Europa.

Printscreen; B. L. and M. Advertising; H. E. Coombs (Builders); Mohan and McDonnell; Sim Land and Estate Agents and Rafeel Asad.

Frances of Piccadilly; Visitorcare (London); Library of Imperial History; Roberté Fashions and Cutting Service; Chalkstone; Mersum and Orlando Finance.

Britannic Assurance expansion

In the first half of 1979, Britannic Assurance Co. reports ordinary new business sums assured up from £67.15m to £63.4m. The industrial branch in the same period was ahead from £89.31m to £113.21m.

Premium income in the ordinary branch reached £7.79m (£6.89m), with £7.69m (£6.76m) coming in annual premiums and the remainder in single premiums and annuity consideration.

Industrial branch income advanced by £5m to £26.2m, but these figures are not strictly comparable due to the changed system for life assurance tax relief. General branch income was £4.5m (£3.83m).

Ordinary renewal premiums per annum improved from £1.6m to £1.78m, while the industrial figure was up at £2.74m (£6.96m).

SAS DEBENTURE

A £2m issue of debenture in stock has been announced by Scottish Agricultural Securities Corporation.

The coupon is 13 per cent and the stock is dated 1997-99. The issue price is £97 per cent.

Dealings are expected to start on July 27.

NEGRETTI AND ZAMBRA (industrial process control instruments)—Results for year ended March 31, 1979, reported July 20 in preliminary statement with prospects. Group fixed assets £1.31m (£1.28m). Current assets £7.41m (£6.15m). Current liabilities £3.56m (£3.12m). Working capital increased £302,382 (£273,598). Pre-tax profit reduced to £183,753 loss, on CCA basis, after extra depreciation £68,400, cost of sales £267,500 less gearing £69,500. Meeting, Winchester House, EC, August 16, at noon.

Standard Life Pensions growth

ANOTHER successful year for Standard Life Pension Funds, the pensions investment management subsidiary of Standard Life Assurance, is reported by Mr. A. M. Hodge in his chairman's statement with the report and accounts covering the 52 weeks to May 8, 1979.

Total funds under management increased by 40 per cent during the period from £162m to £234m and 20 new clients joined the funds bringing the total number of pension funds using the service at the end of the year to 98.

The mixed fund was the most popular of the managed funds, increasing in size over the period by over 50 per cent from £73m to £113m. The unit price advanced by 20 per cent over the year. At the end of the period, the fund held 52 per cent of the portfolio in UK equities, 9 per cent in overseas equities (mostly in the U.S.), 34 per cent in fixed-interest and the remainder in liquid assets.

The property fund reached a value of just over £35m by the end of the year, with a gain of nearly 20 per cent in the unit price. About £5.5m was invested in developments during the year and the property portfolio stood at £28.4m, with £7m in cash. The current rental income from the 45 completed properties amounts to £1.5m and this is expected to reach £1.76m by 1982.

The equity fund grew from £4m to £5.2m over the year, with a unit price increase of 8.4 per cent. The fixed interest fund, however, declined in value slightly to £1.8m, but the unit price rose by 22 per cent.

The company offers investment management services for pension schemes, either through the managed funds operating on the unitised principle, or by direct investment management. This latter service is only available to the larger funds and the total value of segregated funds in May, 1979 amounted to £78m.

In reviewing the current investment outlook, Standard considers the factors affecting the gilt market to be adverse on balance. It therefore does not intend to increase the existing gilt holdings in the short term.

In contrast, the company considers the prospects for UK equities to be good. It intends to increase its investments in this market, despite the possibility of temporary setbacks that could arise from prolonged trade union resistance to Government policies. The company also intends to maintain the present proportion of investment in U.S. equities. The bulk of investment in property will come from direct development.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Drake & Scull ....int.	1.25	Sept 3	1	—	2
Hollis ESA‡	3.82	Sept 7	3.31	5.12	4.49
Stirling Knitting	0.4	Oct. 12	0.4	0.75	0.75
UC Investments§ ....int.	17	Sept 14	14	—	42
AAH	3.98	Oct 8	3.39	7	6.14

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Corrected. § South African cents throughout.

Mercury Securities off to good start

LORD ROLL, chairman of Mercury Securities, reports that although financial markets continue unsettled the S. G. Warburg Group has made solid progress in all sectors of its business during the current year.

For the group as a whole the year has also started well. In the year ended March 31, 1979, it had an active year with attributable profits showing a rise from £10.32m to £14.86m.

Referring to the oil problem, the chairman says that in the absence of any attempt at an imaginative solution the international banking and capital markets have had to undertake the task of recycling the financial surpluses. They have managed to do this in the past five years and it remains to be seen whether they will be left to carry this burden on their own.

Against this background the chairman feels that it is not surprising that the prospects of a better international monetary system seem no nearer, and the attempt to make a beginning on a European level cannot as yet be counted as a success.

At S. G. Warburg during 1978-79 the volume of acceptances and loans increased despite loan demand being modest. The most active part of the credit business was in the field of syndicated credits—in sterling for local authorities and in other currencies for overseas governments and corporate entities.

The chairman says that during the year Warburg significantly expanded its money market and foreign exchange dealing activities. Corporate finance business has shown a marked increase both in this country and in international transactions.

Total funds under management of the Warburg Investment Management again rose significantly during the year.

Profits from associates showed a modest increase principally as a result of the improved performance of Stewart Wrightson. The chairman says that the main component is the profit arising from the association with Paribas which improved marginally. While the amount this year is substantially less than that which Warburg contributed to the French associates, the mutual benefits from this association continue to develop mainly in the U.S.

The earnings of the associate investment banking and securities firm in the U.S. showed a modest increase in 1978 despite a generally unfavourable environment.

The chairman reports that agreement in principle has been reached to modify the sub-charter arrangements which will reduce the charter hire receivable by Galbraith Wrightson, substitute a several for a joint liability of members of the consortium, and will provide bank guarantees for a part of their obligations to Galbraith.

Total assets at March 31 showed an increase from £764.29m to £919.37m. Loans advances, etc. were up from £137m to £172.6m while other loans to banks and local authorities rose from £118.64m to £145.19m. Deposits totalled £820.94m compared with £498.72m.

Meeting, 30 Gresham Street, EC, August 15 at noon.

See Lex.

Similar loss for Rock Darham

On turnover of £3.93m, against £3.76m, pre-tax losses of Rock Darham, formerly Bank Bridge Group, were similar at £83,000 for the year ended March 31, 1979, compared with £80,000 last time.

There was no tax this time, against a £34,000 credit, but there was a £155,000 provision for a loss on the disposal of subsidiaries, for the year.

Loss per 10p share is given as 3.3p (1.4p). Again there is no dividend.

Figures do not include results from Rock Motor Parts, which was acquired on April 26, 1979, where pre-tax profits for the 15 months to March 31 were £360,405, equivalent to £288,396 on annual basis.

Turnbull Scott can face future more confidently

THERE ARE signs that the worst of the shipping slump is past but there is a long way to go before ships earn a proper return, says Mr. M. T. Turnbull, chairman of Turnbull Scott Shipping Company. Even so there are a number of factors which enable the company to face the future with more confidence he says.

The chairman reports that in the current year the firm market in the larger bulk carriers has enabled the company's carrier Trongate to trade with some success but earnings still do not give a satisfactory return on money invested.

The rates for chemical tankers are also considerably higher but the improvement has not, to date, been so pronounced in the smaller bulk carriers.

Meanwhile Turnbull Scott awaits the signing of formal agreements on the moratoria on loans given under the Industry Act 1972. As known agreement in principle over this has been reached with the Department of Trade.

The move folowed the fall in freight rates. Although the company has substantial cash reserves, the earnings of the ships, together with interest on this cash, has not been sufficient to cover the interest on loans, let alone loan repayments due. It became clear that if the low rates continued for a year or two cash reserves would soon be exhausted.

For the 14 months to March 31, 1979, the group's pre-tax loss was £2.2m compared with £1.17m for the previous 12 months and the net dividend is cut to 6p (8p)—as reported July 14.

It is now proposed that the group structure be revised through a scheme of arrangement. Existing ordinary capital is to be replaced by equity in a new holding company.

At year end total borrowings were £14.41m (£12.56m) and net liquidity was up £1.4m (down £2.64m).

Commenting on the performance over 1978-79 Mr. Turnbull says that although six months results were encouraging and freight rates showed improvement in the latter part of 1978, the following eight months were disappointing, mainly due to trading losses by the three 5,700 bulk carriers.

Meeting, Ironmongers Hall, Barbican, EC, on August 15 at

MINING NEWS

Australian mining: is it worth the risk?

BY KENNETH MARSTON, MINING EDITOR

"MINING INVESTMENT is no more profitable than commercial and industrial investment and is subject to approximately twice the risk." This is the sobering comment on the Australian mining scene of Professors Ray Ball and Philip Brown of the Australian Graduate School of Management.

Their study which was commissioned by Conzinc Riotinto of Australia takes in an analysis of month-by-month rates of return on every mining share listed on the Sydney Stock Exchange for all, or part of, the period between January 31, 1958, and February 28, 1979.

The authors comment on the general lack of understanding on the subject and the lack of relevant data. For instance, they know of no accurate and comprehensive study of risks and returns in Australian mining, and they claim that company managers, investors and portfolio managers seem to have little notion of risk and return and the relationship between them.

They attack the suggested resources rent tax which would impose a discriminatory tax on resource profits when the latter exceed a reasonable return on investment, allowing for the risk factor. But the professors say that proponents of the tax have shown a shamefully inadequate understanding of reasonable returns for risk-bearing and of the precise degree of risk-bearing in mining.

The authors compiled an index of monthly returns in all forms—including dividends, capital gains and losses and new share issues—for all Sydney traded mining shares ranging from the blue chips to the "penny dreadfuls." The resulting value-weighted index showed a gain of 1,122.56 per cent over the 20-year period.

Broken down, the figures obtained showed an average monthly rate of return on mining as a whole of 0.99 per cent, the average yearly rate being 11.9 per cent. These figures do not allow for inflation—so that the real returns were lower—and they are similar to those on industrial and commercial investment. But the risk element in mining was far higher.

Understandably, CRA points to the findings of the survey to make the point that non-industry observers in general and governments in particular "must learn to recognise the high risk in the mining industry and the fact that there are only a few winners."

However, before mining investors rush to liquidate their portfolios—and there are quite a few disgruntled holders of South African golds at the moment—I would point out that there are still well-rewarding winners to be found.

But taxation policies which seek to harvest "windfall" profits can be very short-sighted policies as some governments have found. As CRA says, proponents of such taxation fail to appreciate "incentives necessary to bring forth an adequate volume of investment to develop Australia's mineral resources."

Income rises sharply at Amax

AMAX'S promise of record earnings for this year has been honoured after only two quarters. Yesterday the group announced figures for the three months to June 30 which bring net income for the 1979 first half to $167.6m (£73.7m) compared with earnings for the whole of 1978 of $160m.

Net profits for the second quarter were $91.5m against $38.7m in the same period of 1978. Income for the 1978 first half was $54.9m, less than a third of that achieved in the first six months of this year.

The U.S. group, whose fortunes were founded on molybdenum, drew full benefit from what it called "the upward trend in international mineral demand and prices," which continued into the 1979 second quarter.

There were higher earnings from molybdenum, copper, lead, oil and gas over the most recent three months. Nickel continued to cause problems: profit margins improved for the cobalt by-product, but lower nickel prices caused the writing down of inventories.

Although coal earnings over the whole of the first half were higher than in the first six months of 1978, when there was a strike at the U.S. mines, 1979 second quarter income was lower than in the corresponding period last year because of start-up costs at the Eagle Butte mine.

Amax expects the surge in earnings to carry on. But there would be little surprise if the pace slowed in the light of the downturn in the U.S. economy.

The shares in London yesterday gained ½ to £17¼.

New coal field found in China

A LARGE coalfield with reserves of 15bn tonnes has been found in south central China, according to the official Xinhua news agency, monitored in Tokyo.

The field contains mainly anthracite, situated close to the surface. "Opening the mine is expected to present few difficulties," the agency said.

The field is in Guizhou province and covers an area of 4,000 sq. km. The agency said the reserves were the richest south of the Yangtze River.

UC Investments takes Beisa stake

UC Investments is to take R17.5m (£9.1m) worth of shares in Beisa Mines, established by Union Corporation to develop a new R200m uranium-gold mine in the Orange Free State.

The company is itself 48.4 per cent owned by Union Corporation and serves as an investment holding vehicle carrying mainly gold shares. Its participation in Beisa is foreshadowed in its latest annual report, published last February.

So far UC Investments has subscribed for shares at par value worth R12m. This figure is slightly more than the net surplus realised on investments during the six months to June. The figures were published yesterday.

Mr. E. Pavitt, the UC Investments chairman, said in his annual statement that the cash requirements for Beisa participation could be met from retained profits and investment sales. The balance of the funds needed after the initial share purchase will be required next year and in 1981.

Beisa is expected to reach full production in 1982. It is to be financed by a loan from a potential consumer, the internal resources of the Union Corporation group—hence the UC Investments announcement—loans, and a public share offer on terms and at a date which have not been revealed.

UC Investments' involvement in Beisa comes at a time of rising fortunes. It is declaring a 1979 interim dividend of 17 cents (8.85p) against 14 cents at this time last year and total payments for 1978 of 42 cents.

Net profits for the 1979 first half are R7.07m (£3.68m), compared with R4.8m in the same period of last year. The greater part of the increase has come from the expected higher income on investments which reached R6.1m from R4.0m in the 1978 first half.

Yesterday in London UC Investments shares were 5 higher at 240p. Union Corporation shares were 16 up at 337p.

Top engineers avoid Zambia

THE ZAMBIAN mining industry is short of 500 senior engineers, according to the managing director of the State-owned Roan Consolidated Mines, Mr. David Phiri, reports Michael Holman from Lusaka.

RCM, together with the other State-owned company, Nchanga Consolidated Copper Mines, require 600 senior engineers but only 100 places have been filled. The mines need a total of some 5,000 skilled expatriate staff and are approximately 1,500 under establishment.

Traditionally the UK has been the main source of skills, but concern about the effect on Zambia of the Rhodesian war, shortages of basic commodities, a high cost of living and a serious crime rate has caused a sharp fall in recruitment.

Manpower problems, together with inadequate supplies of spares and essential supplies for the mines due to a continuing scarcity of foreign exchange, have resulted in a steady fall in copper production from a peak of 720,000 tonnes in 1969 to 656,000 tonnes in 1978. Production this year is expected to fall well under 650,000. Copper provides over 90 per cent of Zambia's export earnings.

SOUTH AFRICAN GOLD OUTPUT

South African gold production showed a marginal decline last month but the total to date for this year is still managing to outpace that of the same period of 1978.

The June output of 1,887,194 oz brings the six-month total to 11,311,511 oz. This compares with 1,947,883 oz produced in May and 11,238,364 oz in the six months to the end of June, 1978.

Production may well rise in the current half year following expected increases in output at ERGO, the slimes dump operation, and at the new Elandsrand mine. Unisel is expected to reach full production by November while Deelkraal is due to commence production by the end of the year.

Increase for Trustees Cpn.

Net revenue of the Trustees Corporation increased from £1.57m to £1.86m for the year ended May 31, 1979, struck after tax of £0.98m against £0.87m. Gross income was ahead at £3.62m compared from £3.21m.

With earnings per 25p share at 6.19p (5.2p), the dividend total is stepped up from 4.85p to 6p, with a 4.2p final. A two-for-one scrip is also proposed. In order to reduce disparity, the Board intends to recommend an interim of 0.8p in December.

Net asset value is shown at 226.1p (198.2p) per share.

HALMA SHARE SCHEME

An employee share scheme is being introduced by Halma, the manufacturer of industrial safety and environmental control products.

It will be subject to approval by shareholders and the Inland Revenue. An EGM is to be held to approve the scheme, this will follow Halma's annual meeting on August 1.

It is intended to introduce the scheme during 1980 and the first allocation of shares to employees will be based on the company's results for the year ending March 31, 1980.

BIDS AND DEALS

5½m MFI shares change hands

Cazenove and Co placed 5½m shares in MFI Furniture Centres (8.3 per cent of the equity) yesterday at 150½p each. In the market the shares fell 10p to 160p.

The vendors were Mr. Philip Lait, a non-executive director of MFI and owner of one of the furniture retailer's principal suppliers who is understood to have sold just over 1m beneficially held shares, and a Swiss company, Honesia Truhand.

MFI is not certain how the Swiss company acquired its holding, although the source may have been a previous non-executive director, the late Lord Plurenden. Mr. Lait has been closely involved with the furniture group for at least six years and is understood to have purchased his holding when MFI was troubled by the now-defunct mail order operation in 1974.

The group proposes to split its equity once again with a one-for-one scrip issue. Earlier this month it announced a pre-tax profit rise from £5.34m to £13.98m for the year ended May 25 last.

DANISH BACON BUYS THREE PROPERTIES

Danish Bacon has paid £1.47m to Gallagher for three properties at Cardiff, Derby and Exeter with the fixtures, fittings, motor vehicles and equipment.

The Derby and Exeter properties are freehold, while that at Cardiff is held on a 99-year lease at a rental of £5,900 per annum with a review on November 1, 1984, and thereafter at ten yearly intervals.

Warriner and Mason (a subsidiary of Gallagher) used the properties for the sale and distribution of bacon, butter, provisions, groceries and canned goods. Danish Bacon will also acquire similar items of trading stock to be valued on completion date. The valuation will be disclosed in a further announcement.

WM. PRESS BUYS MORE WHESSOE

William Press Investments, a wholly owned subsidiary of William Press, the civil engineering group, has bought 100,000 shares in Whessoe, the Darlington-based heavy engineering company.

William Press's total interest in Whessoe is 845,000 shares, representing 9.35 per cent of the equity.

The group said yesterday that "there are no plans for taking the stake any further. It is a trade investment."

BOOTS

The bid by Boots to acquire control of Southdown Pharmacy, an Ontario drug store, is among 13 foreign investment proposals accepted by the Canadian Government.

ASSOCIATE DEAL

On July 20, L. Messel and Co. sold 32,000 Harris Queensway ordinary shares at 260p on behalf of an associate of Harris Queensway.

SHARE STAKES

Second City Properties: Control Securities has bought further 196,000 shares making holding 900,000 (6.68 per cent).

Thomson T-Line Caravans: John F. Nash and Partners owns 163,000 shares (10.0742 per cent).

Tor Investment Trust: A further 24,167 shares have been registered by Pegasus Nominees making 181,567.

Colmore Investments: Genco Investments has bought 40,000 shares making 372,500 (9.3125 per cent).

Burton Group: A. J. Burton and S. H. Burton, directors as trustees of certain non-beneficial trusts, have sold 91,333 "A" ordinary shares at 251½p.

Aurora Holdings: On July 17, R. Atkinson, director, acquired 10,000 shares at 76p making holding 91,250 shares; A. A. Watt, director, acquired 6,000 shares at 76p making holding 10,000; A. M. Falconer, director, acquired 2,500 shares at 77p making holding 10,001.

Grand Metropolitan: On July 19, M. Joseph acquired 80,739 shares at 128p.

ICFC sells Kitchen Queen stake

Industrial and Commercial Finance Corporation has sold its 1.69m shares in Kitchen Queen, the Manchester-based company which came to the market last November, for just over £950,000 to a wide range of institutions.

ICFC said the sale was in line with its policy of concentrating more on unquoted than quoted companies. Kitchen Queen shares were offered at 29p; after a slow start, they have since moved up to around 60p.

SOTHEBY RAISES CONSIDERATION ASSOCIATE DEALS

Art auctioneer Sotheby Parke Bernet has raised its price for the fine art auctioneering business of King and Chasemore in Pulborough, Sussex, and Humberts King and Chasemore of Taunton to £1.09m against £900,000 it was originally prepared to pay when the deal was announced in April.

Both businesses are expected to produce total pre-tax profits of some £200,000 for the year to end-April, 1979. Sotheby's is meeting just over £1m of the purchase price by the issue of 295,000 ordinary 25p shares.

Around £725,000 of the consideration for the King and Chasemore business represents goodwill for Humberts King and Chasemore, the goodwill element is £60,000.

RIGHTS SUCCESS

Sound Diffusion announces that acceptances have been received for approximately 96.28 per cent of shares offered by way of rights to ordinary holders.

Shares not taken up have been sold and the net premium over the offer price, amounting to approximately 63.7p per share, will be distributed to shareholders, except that no payments will be made for amounts of less than £1.

The £5.4m rights issue call by UBM Group, the UK's largest builders' merchant, has been taken up by shareholders as to 86.25 per cent of the issue.

The balance has been sold in the market at a premium over the 57p issue price. Net proceeds will be distributed to entitled shareholders, except that no payment will be made for less than £1.

Racal sees growth but warns on strong pound

THE CURRENT year has started with a record order book for Racal Electronics and Mr. E. T. Harrison, chairman, is forecasting further profit growth.

He warns, however, that the recent strength of sterling, if continued, will affect this year's earnings, with some impact on Racal's international competitiveness. If current rates are maintained the major effect will be in the translation of international companies' profits into sterling.

The largest sector of the group's business is still radio communications which represents 44 per cent of total sales. For the first time this activity achieved sales of £100m consisting of some £70m in the tactical role and £30m in the strategic. The chairman anticipates further expansion in this area in the current year particularly in the sales of strategic communications and electronic warfare systems.

The data communications group accounting for 32 per cent of turnover had an excellent year with sales of some £70m. Considerable growth has been achieved and order intake in the current year indicates that this trend is continuing.

As reported June 22, group profit, before tax, increased from £49.83m to £61.62m in the year ended March 31, 1979. A geographical split up of the turnover—£226.69m (£183.34m)—shows: Africa 11 (23) per cent, America 34 (21) per cent, Asia 25 (18) per cent, Australasia 1 (2) per cent, and Europe 39 (36) per cent. Exports topped £100m for the first time.

Referring to the acquisition of Racal-Vadic in the U.S. the chairman says that in its first year sales rose from £6m to £10m and the forecast for the current year indicates an even faster growth rate.

Goodwill has been eliminated from the balance sheet and a sum of £12.97m has been appropriated from retained earnings for this purpose.

A current cost statement shows an adjusted profit before tax of £55.41m (£46.24m), after cost of sales adjustment £6.24m (£3.01m), additional depreciation £1.11m (£1.53m), less gearing adjustment of £1.14m (£0.96m).

At the year end group current assets showed an increase from £129.48m to £185.35m including cash up from £6.79m to £23.97m, loans and deposits up from £5.75m to £10.35m. Loans stood at £43.14m (£31.76m).

The accounts show that the emoluments of the chairman were up from £62,980 to £73,112, while the highest paid director received £82,605. Compensation of £14,000 was paid to past directors.

The accounts show that the chairman's share interest was reduced from 787,823 to 819,953 during the year ended March 31, 1979.

Meeting, Charing Cross Hotel, WC, August 14 at 11.45 am.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Allied Textile, C.S.C. Investment Trust, Ladies Pride Outerwear, National Westminster Bank, Vantage Securities.

Finals: Arlington Motor, Rosgill, Sheffield Refreshment Houses, Siebe Gorman, Wheeler's Restaurants.

FUTURE DATES

Interims—	
Drayton Far Eastern Trust	July 26
Hirst and Mallinson	July 31
Ladbroke	Aug. 29
Plastic Construction	July 27
Provincial Laundries	July 26
Wardle (Bernard)	Aug. 16
Weber Holdings	July 30
Yeoman Investment Trust	Aug. 1
Finals—	
Blackman and Conrad	July 26
British Vending Industries	July 26
Burnett and Hallamshire	Aug. 3
Crossfriars Trust	July 25
Dixon (David)	Aug. 8
Group Investors	Aug. 14
Investment Company	July 30
Letraset International	July 26
Manson Finance	July 26
Mining Supplies	July 27
Stock Conversion	July 25
Waring and Gillow	Aug. 1
Watshams	July 27

Expansion for Great Portland

RENTAL INCOME of Great Portland Estates is expected to be in excess of £9.6m for the current year, Mr. Basil Samuel, chairman, tells members in his annual review.

And he adds that although exceptional repairs on refurbishing buildings will cost up to £500,000, it should be another successful period of growth.

"My confidence in your company's future welfare is unabated, and I look forward to many years of satisfactory growth."

As reported on June 16 gross rental income for the year ended March 31, 1979, rose from £8.07m to £8.73m and pre-tax revenue expanded to £5.68m against £4.1m, after exceptional items of £339,615 (£904,869).

Mr. Samuel says that during the year the directors continued their policy of selling properties which they felt, "did not match the quality of the rest of the portfolio."

The group has ample cash resources to deal with foreseeable commitments, and has sufficient facilities available for any opportunities which may arise.

As at balance date net assets employed stood at £195.93m (£84.78m) and shareholders' funds were £172.2m (£60.98m).

A surplus of £107.54, resulting from a revaluation of the group's entire portfolio, has been credited to capital reserves, which were £143.6m (£37.2m) at the year-end.

Pru Pensions funds reach £465m

MANAGED funds of Prudential Pensions, the unitised pension investment management company in the Prudential Assurance Company, rose by 21 per cent to £465m in the first half of 1979. The Equity Fund advanced by 18 per cent to £164m, the fixed-interest fund by 25 per cent to £128m, and the property fund by 21 per cent to £172m.

In its investment report the managers point out that liquidity in the Equity Fund had been maintained at a low level. But the level was being raised slightly to enable the Fund to take selective advantage of the current spate of rights issues and the proposed sale by the Government of certain of its equity holdings.

In the Fixed-Interest Fund, the managers have maintained a fairly fully invested position at the long end of the market, but recent cash inflows into the fund have not yet been committed thereby increasing the cash proportion. The managers are looking for a favourable opportunity to invest these funds in the near future.

The Property Fund is still digesting its purchase of Juxon House in the City of London, which was bought in March of this year for £15m, the largest single investment made by the fund. This acquisition has enabled the fund to keep its liquidity at around 5 per cent.

The company does not operate a mixed fund, but offers advice on the proportions to be invested in each of the three funds. Its present recommendation is 37½ per cent in equities, 32½ per cent in fixed-interest and 30 per cent in property. This compares with 42½ per cent, 30 per cent and 27½ per cent respectively at the end of 1978. The managers point out that the steady performance of the property sector provides a secure base when less favourable economic trends are in prospect.

Chamberlin & Hill confident

If the order intake at Chamberlin and Hill, iron founder, is maintained at the current level the directors are confident the group will have a satisfactory year.

Mr. T. Martin, the chairman, told the annual meeting, that 1979-80 had started badly but the company was now trading satisfactorily and the difficulties at the Lichfield foundry were being progressively overcome.

Wilson Bros. sees upturn

The current year at Wilson Brothers, greeting cards concern, has started satisfactorily, Mr. Ellis Birk, chairman, tells shareholders, and he believes the group will return to a pattern of overall progress.

As reported on June 26 taxable profits for the March 31, 1979, year were £1.02m, against £1.09m. The dividend is increased to 1.8p (1.414p).

The two major subsidiaries, Wilson Brothers Greeting Cards and Matador Paper Mills produced excellent results, he says, but Image Arts made a substantial loss. Mr. Birk says that a management reorganisation has taken place and that plans for this company, "will regenerate its profitability."

As at balance date net liquid funds show a £598,000 decrease (£940,000 increase).

Meeting, Heathrow Hotel, Middx., August 15 at 3 pm.

NORTH AMERICAN NEWS

Exxon profits soar despite Saudi move on oil prices

BY STEWART FLEMING IN NEW YORK

A DECISION by the Saudi Arabian Government to make its latest oil price increase retroactive to June 1 has cost Exxon, the largest U.S. oil company, $100m in earnings in the second quarter.

In spite of this, Exxon's second quarter profits soared by 20 per cent from $690m to $830m, an increase which will provide further ammunition for the oil industry's critics, who contend that the companies are profiting from the oil crisis.

Exxon's second quarter increase comes on top of a 37 per cent rise in first quarter earnings.

The company said that following the significant increase in the price of crude oil from OPEC countries, set at a meeting of representatives of those countries in late June, the Saudi Arabian Government announced that the higher prices for its oil would be retroactive to June 1, 1979. Exxon added that this "unforeseen cost increase was not reflected in sales realisations, thereby reducing second quarter earnings by $100m."

It seems likely that the Saudi decision will have a negative impact on the earnings of other oil companies dealing with the State. Nevertheless, it also underlines the strength of the oil producing states in current market conditions.

Exxon's second quarter statement makes it clear that the industry is securing substantial profits gains from the impact of rising prices on its stocks of crude.

The company said that the second quarter benefited by about $70m as a result of the depletion of relatively low-cost Lifo (last in first out) inventories. But it added that given the tight crude oil situation, it is doubtful that these inventories can be restored by year-end.

Commenting in greater detail on its results, Exxon said that for the first six months of the year sales revenues were $38.4bn compared with $30.8bn and net income was $1.71bn or $4.04 a share compared with $1.39bn or $3.10 a share in the first half of last year.

It said that in both the second quarter and the first six months of the year, net income rose primarily as a result of the strength of foreign operations, and that earnings from U.S. oil and natural gas operations were below the comparable period.

The profits increase also made a significant impact on the company's rate of return on shareholders' equity, which was 17.2 per cent in the first half of 1979 compared with only 14.2 per cent in the same period of last year.

On the major European operations of the group, Exxon said that prices began to strengthen in the summer of 1978 and were further boosted by the tightening of supplies later in that year. Return on capital employed increased to 9 per cent from around 5 per cent in the first half of 1978 on these European assets.

Innovation in Swedish Eurobond

BY FRANCIS GHILES

S. G. WARBURG is offering a $100m public issue with a bullet maturity of five years in the Eurobond market for the Kingdom of Sweden. Contrary to usual Eurobond market practice, no coupon or price for the bond has been indicated by the lead manager. Instead, this issue will be offered on a yield basis.

The yield indicated by the lead manager, 9.90-95 per cent if current market conditions still prevail at the end of the offering period next Thursday night, July 26, has been set a fraction above yields currently available on outstanding bonds of comparable quality and maturity.

This innovation, if followed by other banks, would bring Eurobond practices more closely in line with the rules which prevail in the Yankee bond market.

Another innovation relates to the commissions paid by the borrower, which are much lower than is current practice: 1 per cent instead of the normal 2¼ per cent. This 1 per cent is made up of a management fee of ¼ per cent, an underwriting fee of ¼ per cent and a selling commission of ½ per cent.

Such a reduction amounts in practice to rationalising existing market practices rather than cutting the cost of raising money for the borrower. Institutional investors are usually able these days to get the bonds from the managers of an issue minus the full amount of the fees.

A further novelty is that the bonds will come in $5,000 denominations rather than in $1,000 ones. This will help to reduce the cost of the flotation for the borrower.

A $25m floating rate note issue for Krung Thai Bank Ltd is being arranged by Manufacturers Hanover Ltd. The borrower is paying an interest rate of ½ per cent over the six-month interbank rate with a minimum coupon of 6⅞ per cent. This issue includes a bullet maturity of five years.

Trading was virtually at a standstill yesterday in the straight dollar bond sector. Bad news came with the announcement that First National Bank of Chicago was increasing its prime rate to 11¾ per cent, and that the six-month Libor rate had moved up by 1/16 per cent on the day to 11⅝/¾ per cent.

The floating rate note sector alone witnessed some activity, with prices remaining steady.

Activity in the Deutsche-Mark sector was much lower than during most days last week, with the prices of some recent issues slightly weaker on the day. A DM 100m public issue for Asian Development Bank was launched by Deutsche Bank: the borrower is paying 7¼ per cent for ten years with a pricing expected at 99½.

Sharp gain in Amerada Hess earnings

By Our Financial Staff

EARNINGS AT Amerada Hess, the petrol unit refiner, rocketed by 235 per cent to $115.4m, or from $84 cents to $2.77 in the second quarter of this year.

The company does not consider either quarter "typical of its historical U.S. refining and marketing experience."

First half earnings now show a 245 per cent gain at $231.1m, or $5.56 against $1.62 last time. Sales at $3.12bn are 30 per cent ahead.

Strong demand for products, coupled with improved selling prices resulted in U.S. refining and marketing earnings of about $76m in the second quarter of 1979.

Setback for Singer

Despite a revenue boost to $1.27bn from $1.2bn for the first six months, net profit for Singer declined to $26.6m from $38.3m, Reuter reports from New York. Earnings per share dropped to $1.39 from $2.06. Total revenue for the second quarter was $631.6m against $605.5m with net profit down to $11.1m from $17.7m. Per share earnings dropped to 56 cents against 94 cents.

Amex ahead

American Express has increased net profits to $164.9m from $146.9m for the first half, Reuter reports from New York. Revenue improved for the period to $2.21bn from $1.93bn with per share earnings ahead at $2.31 against $2.05. The second quarter net rose to $91.6m from $81.5m, with earnings per share rising to $1.29 from $1.14.

Carter changes damaged Chrysler, Iacocca claims

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PRESIDENT CARTER's changes to his Government dealt a blow to Chrysler's recovery plans, according to Mr. Lee A. Iacocca, the president of the company.

The group, America's third largest car maker, had been attempting to persuade the Government to put back by two years the fuel economy, emission control and safety ergulations for 1981, and would now have to start negotiations all over again.

Mr. Iacocca maintained: "A delay in the implementation of the regulations would represent a big capital saving for us."

He earlier told the Automotive News Congress in Detroit that three-quarters of Chrysler's capital investment and research and development expenditure was committed to meeting the Government regulations. He added later: "Sure, we would accept government help." But he dismissed as "not feasible" a suggestion from the Auto Workers Union that the Government should take a shareholding in Chrysler to help it in its struggle for survival.

According to reports from Detroit, Chrysler has asked for tax concessions worth up to $200m and for the Government to underwrite some of its borrowings.

While Chrysler is waiting to start fresh talks with the Government, it has been taking immediate cash-saving actions which have brought some criticisms from suppliers.

Mr. Iacocca has sent his purchasing men back to suppliers to plead poverty and ask for another 2 per cent off prices, as well as 90 days' credit.

Mr. Iacocca has also ordered a freeze on the hiring of white-collar staff to 28,000: salaried employees will take a week of their 1980 holiday this year instead of next, to cut costs.

Currently, the group cannot get enough four-litre engines to power its small cars.

Chrysler is spending $406m at its Trenton engine plant near Detroit to put in the capacity to make 2.2-litre engines at the rate of 320,000 a year. That comes on stream a year from now.

As the new smaller cars come into production in the early 1980s, Chrysler will get much more aggressive in export markets, Mr. Iacocca promised. The programme involves at least doubling—or perhaps tripling—exports once the front wheel drive cars more acceptable to markets like Europe become freely available.

National Steel surges ahead

BY JOHN WYLES IN NEW YORK

NATIONAL STEEL, the third largest steel producer in the U.S., yesterday reported the third highest quarterly earnings in its 50-yar history, but warnd that the company may start to feel the impact of recession before the end of the year.

In the second quarter, National's earnings soared by 43 per cent from $31.5m or $1.64 per share to $45.2m or $2.34 per share. This brought its six-month earnings to $65.9m or $3.42 per share compared with $34m or $1.77 per share.

Second quarter sales rose by 22 per cent to $1.1bn, while the six-month total was 25 per cent higher at $2.21bn.

In the last three months, National's raw steel production rose to a record 3m tons compared with 2.6m tons in the same period last year. Shipments were 2.2m tons compared with 2.1m tons.

Mr. George Stinson, National's chairman, said yesterday that he expected third quarter shipments to be satisfactory, but the fourth quarter was proving more difficult to forecast because of softening orders from the automotive and other consumer markets. However, he hoped this would be somewhat offset by the shift in the company's market strategy designed to increase its share of capital goods markets.

Meanwhile, Armco, which draws more than 30 per cent of its revenues from non-steel activities, yesterday forecast a record year for earnings. Its second quarter profits rose by 18 per cent from $51.31m or $1.11 per share to $60.5m or $1.32 per share. Revenues rose from $1.12bn to $1.25bn. Last year Armco had the highest return on average equity, 13.1 per cent, of any American steel company.

Mr. Harry Holiday, chief executive, was confident yesterday that 1979 would be Armco's most profitable year ever. But he warned that some segments of its business, particularly flat rolled steel, were slowing down and this would make it difficult to maintain the earnings pace of the first six months.

Further shakeout as Itel cuts back

SAN FRANSISCO — With the announcement of a second quarter loss overdue, Itel Corporation's financial woes have claimed more casualties.

The beleagured leasing and financial services concern has shed several executives in its bid to trim both operations and overheads. The officials include Mr. Joseph Costello, president of Itel Rail, Mr. Thomas Murphy, president of the financial services group and Mr. James Heath, air and fleet group.

These and other recent victims of Itel's shakeout raise the number of terminations to a level "in excess of 500," said Mr. Gary Friedman, vice chairman and executive vice-president.

There are signs that more layoffs are looming. Cost reductions previously targetted at $25m will be "substantially greater" than that. But, Mr. Friedman declared, "We don't have a specific number." As previously reported, Itel expects to report second quarter losses greatly exceeding $10m compared with the profit of $8.4m or 78 cents a share a year before.

Mr. Friedman said the leaner Itel that will emerge will "concentrate on the things we do best"—marketing, financing and maintaining its leased equipment base.

AP-DJ

Canada Packers

Canada's largest meat processor, Canada Packers, earned C$8.9m or C$1.15 a share in the first quarter ended June 30, against C$4.2m, or C$0.70 cents a share on sales of C$698m, against C$563m. Robert Gibbens writes in Montreal. The company said Canadian operations were not wholly satisfactory, but were much better than last year.

VOLKSWAGEN OF AMERICA

Satisfying an appetite for Rabbits

In two months time VWoA will celebrate its third birthday. Mr. James McLernon, its president and chief executive, maintains that no other company has gone from nothing into the Fortune list of the biggest U.S. groups so fast. KEN GOODING, Motor Industry Correspondent, reports from Warren, Michigan.

THE DECISION on where Volkswagen of America is to site its second assembly plant must be taken before the end of this year, if the company is to keep up with planned progress, says James McLernon, president and chief executive

VWoA has set a target of recapturing 5 per cent of the U.S. new car market—which would involve annual sales of around 500,000—"and realistically we can do that by 1984."

The company will also need an engine plant to make 1.6 and 1.8 litre engines, and this will be sited in the U.S. or Canada. "A decision on that will have to follow close behind the one on the assembly plant," says Mr. McLernon.

VWoA will also require more capital to expand its first facility, at Westmoreland, Pennsylvania, where the VW Rabbit is produced, in two stages this year and next.

Output will go up from 800 Rabbits a day on a two-shift basis to 1,050 a day.

Mr. McLernon maintains that this year VWoA will sell between 300,000 and 315,000 cars, of which 210,000 will be Rabbits, compared with 239,612 in 1978, including 40,192 Rabbits. Then, in 1980, sales should rise by another 15 per cent, if all goes to plan.

VWoA recently achieved 50 per cent local sourcing for the Rabbit (known as the Golf in Europe), in terms of the numbers of components used. "Our objective is to be fully sourced from North America, except for engines and transmissions—and eventually even for those," Mr. McLernon states.

The Westmorland lines will start assembling diesel-engined versions of the Rabbit, which are currently imported, from September onwards and Mr. McLernon expects demand to be 50-50 for the diesel and petrol versions. The Westmorland lines have the flexibility to cope with this.

Like other car manufacturers, VWoA is having problems in meeting the stringent state emission-control laws for diesels in California.

This is its most important market among the individual states, taking 24 per cent of VWoA's total car sales.

The company will sell about 78,000 diesel cars in the U.S. this model year (which ends in September), of which 8,000 will go to California.

But VWoA does not expect to be able to complete the emission-control tests in time to get the 1980 model year diesels on Californian roads before January, leaving a four months' gap in supply.

"It will cost us a great deal to comply with the Californian regulations. It can't be done with known technology. But we must do our best for our dealers there. They want diesel Rabbits," says Mr. McLernon.

This year, judging by projected car sales, VWoA "will reach a turnover of around $2.8bn, and it employs 8,000.

Mr. McLernon, now 53, ended a 27-year career with General Motors to join VWoA in September, 1976, on a reputed $2m contract. In his last seven years with GM, he was general manufacturing manager of the Chevrolet division, a network of 26 component car and truck plants.

He recalls the initial VWoA objectives were first to bring on stream a pressed metal plant (at South Charleston, West Virginia), and the assembly facility in 18 months—something never before achieved in the automotive industry, according to Mr. McLernon. "The output was to be brought quickly up to 200,000 a year—" and that's done."

Secondly, VWoA was to consolidate the existing U.S. sales and marketing operations with the manufacturing ones into one corporation. "That was completed last July."

The next step will be to regain lost ground in the U.S. market and get back to a 5 per cent share. "We have the programme in place. The initial planning is done."

VW sales in the U.S. reached 569,000 cars in both 1968 and 1970, but then plunged with the declining value of the dollar against the D-mark. By 1976 they were down to only 201,670, as the currency problems were exacerbated by the fact that the old VW Beetle had gone out of favour. "This was the reason the VW Board decided to switch to assembly in the States, not because it was any cheaper, but VW could avoid the extra adverse price fluctuations caused by the dollar-D-mark relationship," says Mr. McLernon.

VW prices have risen 181 per cent since 1971, compared with 93 per cent for the Chevrolet range.

Although public comment about the problems VWoA has experienced in its early years has centred on labour relations, Mr. McLernon suggests: "These were not the major problems. They were unfortunate, in that they could have been avoided. There was a breakdown in communication. We have an excellent work force."

Labour costs per vehicle produced are "not too far away from those we planned."

VWoA is not involved in the current round of wage negotiations in Detroit, having recently signed a three-year contract, to 1981, with the unions.

Mr. McLernon maintains: "The major problems we had related mainly to developing North American component sources to meet our quality standards. Sometimes we felt these were insurmountable." But now he is confident that 100 per cent North American sourcing for the Rabbit can't be too many years away.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on July 23

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	98⅛	98⅝	−0⅛	−0⅛	10.22
Alex Howden XW 9½ 91	30	†83	85	+0⅛	+0⅛	12.10
Avco O/S Cap. 10½ 87	40	97¼	97¾	0	−0⅛	10.72
Bayer Int. F. XW 7¼ 89	200	83½	84	−0⅛	−0⅛	9.95
CECA 9⅜ 84-99	50	94½	95	−0⅛	−0½	9.99
CECA 10⅛ 91	150	97⅞	98⅛	—	—	11.07
Canada 9 83	400	98⅞	99⅛	+0⅛	+0⅛	9.69
Canada 9¼ 98	350	97⅝	98⅛	+0⅛	−0⅛	9.71
Canadian Pacific 9½ 89	50	98	98½	0	−0⅛	10.03
Carter Hawley 9⅞ 86	50	96⅞	97⅜	+0⅛	−0⅛	10.36
Comalco Inv. E. 10⅛ 91	40	98⅛	99⅛	−0⅛	−0⅛	10.32
Continental Grp. 9⅜ 88	100	97⅜	98⅛	—	—	10.06
Dome Petroleum 10 94	50	96⅞	97⅜	—	—	10.42
Dominion Bridge 10¼ 84	30	99½	100	−0⅛	−0⅛	10.30
Dow Chem. O/S 9⅞ 94	200	97⅞	98⅛	−0⅛	−0⅛	9.89
EIB 9⅞ 86	150	98⅞	99⅛	0	−0⅛	10.07
EIB 9⅞ 99	100	98⅛	98⅝	−0⅛	−0⅛	10.19
EIB 9⅞ 87	150	100⅛	100⅝	+0⅛	−0⅛	10.04
EIB 10 99	150	100	100⅛	+0⅛	−0⅛	10.20
Export Dv. Cpn. 9.85 84	100	100⅛	100⅝	+0⅛	−0½	9.84
Export Dv. Cpn. 9⅜ 84	100	97¼	97¾	0	−0⅛	9.92
Finland 9½ 86	100	97	97½	−0⅛	−0⅛	10.07
Finland 9⅜ 89	100	96	96½	−0⅛	−1⅛	10.15
GTE Finance 9½ 84	50	97⅜	97⅞	0	−0⅛	10.14
GTE Finance 9⅜ 89	50	96⅞	96⅞	0	−0⅛	10.29
General Motors 9⅜ 86	100	97⅞	98⅛	−0⅛	−0⅛	9.68
Gould Int. Fin. 9⅞ 85	50	98	98½	0	−0⅛	10.15
Hoechst Fin. XW 6⅞ 89	125	79⅞	80⅞	−0⅛	−0½	9.99
Hudson Bay Co. 10 94	50	98⅛	98⅝	−0⅛	−0½	10.03
ITT Antilles 9½ 89	75	96⅛	96⅝	0	−0½	10.09
Kennecott Int. 9⅞ 86	100	95½	95⅞	−0⅛	−0⅛	10.41
Manitoba 9½ 89	75	96½	97	0	−0⅛	10.02
Nat. Des Telecm. 9½ 86	100	98	98½	0	−0⅛	9.86
New Brunswick 9⅜ 94	75	96½	97	−0⅛	−0⅛	10.17
Newfoundland 10 94	50	99⅛	99⅝	+0⅛	−0⅛	10.07
Norsk Hydro 9⅜ 94	50	98	98½	0	−0½	9.87
Norway 9⅜ 84	150	100⅛	100⅝	0	−0⅛	9.88
Norway 9½ 84	150	98⅛	98⅝	0	0	9.85
Nova Scotia Pwr. 9⅜ 89	50	97⅜	98⅛	0	−0½	10.09
Occidental Fin. 10⅛ 84	50	99½	100	0	−0⅛	10.30
Orient Leasing 9½ 86	25	†95½	96	−0⅛	−0⅛	10.38
Pennwalt O/S F. 9⅜ 84	25	98½	99	−0⅛	−0⅛	10.07
Pepsico Cap. 9⅜ 84	100	98⅛	98⅝	—	—	9.64
Portland 10 84	30	97⅞	97⅞	−0⅛	−0⅛	10.72
Quebec Hydro 10 99	75	96⅛	96⅝	0	−0½	10.43
Redland Fin. XW 9½ 91	25	91⅛	92	−0⅛	−0⅛	10.78
Sears Roebuck 9 82	150	98	98½	0	−0⅛	9.76
Stockholm 9⅜ 94	50	98⅛	99⅛	−0⅛	−0⅛	10.12
Sweden 9⅜ 89	100	99⅛	99⅝	−0⅛	−0⅛	9.96
Sweden 9½ 86	200	98½	99	0	−0⅛	9.99
Unilever NV 9⅜ 87	100	96⅞	97⅜	+0⅛	−0⅛	9.81
Warner-Lambert 9 84	100	97	97½	0	−0½	9.72

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
American Ex. Int. 5⅞ 87	70	93⅞	94⅜	0	+0½	6.49
Argentina 6½ 88	150	89¼	90	0	0	8.13
Argentina 7½ 89	150	94⅜	94⅞	+0⅛	+0⅛	8.32
Austria 5⅜ 90	150	90	90½	−0⅛	+1	7.03
Banco Desarrollo 7⅜ 86	100	94⅜	94⅞	−0⅛	−0⅛	8.33
Barclays O'seas 6⅞ 89	100	97⅜	98	+0⅛	+0⅛	7.09
Bq. Ext. Algerie 7⅜ 85	100	95⅛	95⅞	−0⅛	+0⅛	8.78
Brazil 7¼ 87	150	96	96⅛	0	−0⅛	7.90
CECA 6 88	150	91½	91⅞	−0⅛	+0⅛	7.27
CECA 7 91	150	97⅞	98⅛	0	+0⅛	7.25
Copenhagen City 6 90	75	90⅞	91⅜	+0½	+1⅛	7.22
Council of Eur. 6⅞ 88	100	92⅞	92⅞	0	−0⅛	7.39
Council of Eur. 7⅜ 89	100	98⅛	98⅞	−0⅛	0	7.41
Denmark 6⅞ 86	100	†94	94½	−0⅛	+0⅛	7.00
Denmark 6½ 89	100	†94	94½	+0⅛	+0⅛	7.33
EIB 6½ 91	200	93⅞	94⅛	+0⅛	+0⅛	7.25
EIB 7½ 89	200	100⅛	101⅛	0	+0⅛	7.35
Eletrobras-Brazil 7 87	100	94⅛	94⅝	−2⅛	0	7.99
Eurofima 6½ 89	100	98⅛	99	−0⅛	+0⅛	6.69
Finland 6 83	150	98⅛	98⅝	0	+0⅛	6.29
Megal Fin. 7 88	150	†97⅜	98⅛	0	0	7.32
Mitsubishi Chem. 6½ 84	75	100⅛	101	+0⅛	+0⅛	6.34
New Zealand 6½ 87	200	96⅞	97⅛	0	0	6.81
Nippon Kokan 6½ 84	100	99⅛	100	0	+0⅛	6.56
Nippon Tel. & T. 5½ 87	100	92⅞	93⅛	−0⅛	+0⅛	6.88
Nordic Inv. Bk. 6⅜ 86	60	95⅛	96⅛	+0½	+0⅛	7.06
Norges Komm. 7⅜ 91	150	102⅜	103⅛	+0⅛	+1⅛	7.38
Norway 6⅜ 84	200	101⅛	102⅛	−0⅛	+1⅛	5.74
Occidental 6⅜ 90	150	93⅛	94⅛	0	+0⅛	7.57
OKB 6½ 88	100	96⅜	97⅛	+0⅛	+0½	6.94
OKB 6 87	40	†92⅞	93⅜	+0⅛	+0⅛	7.23
Tokyo Elec. Pwr. 6½ 85	200	98⅜	98⅞	−0⅛	+0⅛	6.76
Venezuela 6½ 90	150	90	90½	+0⅛	+0⅛	7.81
World Bank 6⅜ 88	400	93⅛	94⅛	−0⅛	+1⅛	7.16
World Bank 7⅜ 91	400	100⅛	100⅝	—	—	7.65

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amer. Exp. Int. 3½ 93	40	†92½	93½	0	0	4.16
Argentina 5½ 89	80	100⅛	100⅝	—	—	5.47
Asian Dev. Bank 3½ 94	100	85⅛	86	−0⅛	+0⅛	4.88
Aumar 5 89	60	102½	102⅞	+0⅛	+0⅛	4.66
Austria 3½ 93	100	90½	90⅞	−0⅛	+0⅛	4.39
Australia 3⅜ 89	250	96	96⅛	0	+0⅛	4.12
Brazil 4¼ 88	100	95⅛	95⅞	0	+0½	4.82
Canada 3⅜ 88	300	96⅛	96⅞	0	+1	4.04
Council of Eur. 4⅜ 90	100	†99⅜	99⅜	+0⅛	+3	4.29
EIB 4½ 91	100	101	101⅛	+0⅛	+1⅛	4.36
Heron 4⅜ 89	35	95⅛	95½	+0½	+2⅛	4.84
ICI Fin. NV 3½ 94	230	90⅛	90⅝	−0⅛	−0⅛	4.37
Malaysia 4⅜ 90	80	97½	97⅞	+0½	+1⅛	5.03
New Zealand 3½ 94	120	91	91⅛	0	+0⅛	4.33
OKB 3¾ 91	100	92	92⅛	−0⅛	+0⅛	4.64
Pfand Ost. Lande 4 90	60	94⅞	95⅛	0	+0⅛	4.60
Philippines 4⅜ 89	50	†97	97⅛	−0⅛	+0⅛	5.13
Sandvik 4 90	85	†97	97⅛	+0⅛	+1⅛	4.32
Spain 4 91	100	94	94⅛	−0⅛	0	4.86
Steweag 4⅜ 91	60	102⅛	102⅜	0	+0⅛	4.20
Voest-Alpine 4⅜ 89	90	103⅛	103⅜	−0⅛	−0⅛	4.29
World Bank 4⅜ 89	100	104⅛	104⅜	−0⅛	0	4.05

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 5⅜ 88	15	86⅛	87½	+0⅛	+0½	7.61
Australia 5.6 83	30	93⅛	94⅛	−0⅛	+0⅛	7.28
Australia 6½ 88	20	90	91	+0⅛	+0⅛	8.11

	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland 5.6 83	10	92⅞	93⅞	−0⅛	+1⅛	[illegible]
Finland 6.8 88	10	90⅛	91⅛	+0⅛	+0⅛	8.31

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	95⅛	96⅛	−0⅛	−0⅛	10.06
Avco Fin. 10⅛ 86 C$	25	96⅛	96⅞	+0⅛	−0⅛	11.02
Ex. Dev. Cpn. 10 84 C$	50	98⅛	99⅛	0	−0⅛	10.25
Fst. Can. Inv. 10 84 C$	50	97⅞	98⅜	0	−0⅛	10.50
Hudson Bay 10½ 89 C$	60	99⅛	99⅝	−0⅛	−0⅛	10.57
Quebec 10½ 85 C$	50	96⅞	97⅜	−0⅛	−0⅛	10.86
R. Bk. Canada 10 86 C$	40	98⅞	99⅛	0	−0⅛	10.17
R. Bk. Canada 10 94 C$	40	95⅛	96⅛	+0⅛	−0⅛	10.56
Copenhagen 8⅜ 91 EUA	25	†97⅛	98	0	0	8.48
Komm. Inst. 7½ 93 EUA	15	†94⅛	95	+0⅛	+0⅛	8.07
SDR France 8⅜ 94 EUA	24	†97⅜	98⅛	—	—	8.68
SOFTE 8⅜ 89 EUA	40	†95½	97	0	0	8.83
Algemene Bk. 6⅜ 83 Fl	75	91⅛	92⅛	0	+0⅛	8.84
CFE Mexico 7⅜ 83 Fl	75	94½	95⅛	+0⅛	+1	9.33
EIB 7⅜ 85 Fl	75	91⅛	92	+0⅛	+0⅛	9.07
Ned. Middbk. 8⅜ 84 Fl	75	98⅛	99⅛	+0⅛	+0⅛	8.50
New Zealand 6⅜ 84 Fl	75	91⅛	92⅛	+0⅛	+0⅛	8.78
Norway 8⅜ 84 Fl	100	98	98⅛	0	+1⅛	8.67
Elf Aquitaine 9⅜ 88 FFr	100	90⅛	91⅛	+0⅛	+0⅛	11.33
Euratom 9⅜ 87 FFr	150	91⅛	92⅛	+1⅛	+1	11.38
Norway 9⅜ 84 FFr	200	92	93	0	0	11.41
PSA Peugeot 9⅜ 87 FFr	175	90⅛	91⅛	+0⅛	+0½	11.52
Renault 9⅞ 85 FFr	100	92⅛	93⅛	—	—	11.40
Saint-Gobain 9⅜ 86 FFr	130	91	92	+1⅛	+0½	11.61
Solvay et Cie 9⅜ 87 FFr	125	90⅛	91⅛	+0⅛	−0⅛	11.58
Total Oil 9⅜ 87 FFr	150	89⅛	90⅛	+0⅛	−0⅛	11.43
Unilever 10 85 FFr	100	94⅛	95⅛	+0⅛	−1⅛	11.18
Citicorp 10 93 £	20	93⅛	94⅛	−0⅛	+0⅛	10.88
EIB 9⅜ 88 £	25	91⅛	91⅞	−0⅛	+0⅛	11.33
FIB 11⅜ 91 £	25	95⅛	95⅞	−0⅛	0	12.23
Finance for Ind. 13 91 £	15	103⅛	104⅛	−0⅛	−0⅛	12.33
Fin. for Ind. 12⅜ 89 £	30	100⅛	101⅛	−0⅛	−0⅛	12.26
Gen. Elec. Co. 12⅜ 89 £	50	100⅛	101⅛	−0⅛	+0⅛	12.29
Euratom 8 87 LuxFr	500	†96	97	0	+0⅛	8.63
Norges Km. 8 88 LuxFr	500	†95⅛	96⅛	+0⅛	−1	8.70
Oslo, City of 8 89 LuxFr	500	†97	98	−0⅛	0	8.38
Solvay Fin. 8 85 LuxFr	500	†96	97	+0⅛	0	8.73

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BFG Fin. Co. 5⅜ 89	0⅛	99⅛	99	11/1	11	11.14
BNDE 6 89	0⅛	97⅛	97⅞	21/9	11⅛	11.41
Banco di Roma 6 87	0⅛	98⅛	99⅛	26/10	11.19	11.33
Bco. Nac. Argent. 7 86	0⅛	97⅜	98⅛	22/9	11⅛	11.75
Banco Prov. BA 7⅜ 86	0⅛	98⅛	99	12/6	11	11.15
Banco Urquijo 6 86	0⅛	97⅞	98⅛	21/9	11½	11.72
Bank of Tokyo 5½ 93	0⅛	98⅞	99⅛	18/10	11⅛	11.85
Bq. Ext. d'Alg. 7½ 85	0⅛	95⅛	95⅞	2/11	11⅛	12.41
Bque. Indo Suez 5⅜ 89	0⅛	98⅛	99	11/1	11	11.14
Banque Sudameris 6 87	0⅛	97⅛	97⅞	11/1	11⅛	11.40
BNP 5½ 91	0⅛	98⅛	98⅞	22/2	11⅛	11.33
Citicorp O/S Fin. 6 94	0⅛	99⅛	100	8/8	10.69	10.71
Creditanstalt 5½ 91	0⅛	98⅛	98⅛	14/9	10⅞	11.00
Gotabanken 6 88	0⅛	98⅛	99⅛	15/5	11⅜	11.65
Ind. Bk. Japan 5⅜ 85	0⅛	99⅛	100	1/12	10.94	10.97
Jugobanka 8 89	0⅛	95⅛	96⅛	23/11	11⅞	12.34
LTCB Japan 5½ 86	0⅛	99⅛	100⅛	9/10	11⅛	11.64
LTCB Japan 5½ 89	0⅛	99	99⅛	7/12	11⅛	11.21
Mfrs. Han. O/S 5⅜ 94	0⅛	99⅛	99⅛	23/8	11.19	11.26
Nacional Fin. 6⅜ 88	0⅛	97⅞	98⅛	25/1	—	—
Nat. West. 5⅜ 94	0⅛	98⅛	98⅞	11/10	11	11.17
Nippon Credit Bk. 5⅜ 85	0⅛	99⅛	99⅞	22/12	10.94	10.99
Nippon Credit Bk. 6½ 88	0⅛	98	98⅛	12/1	10⅞	11.07
Panama 7 91	0⅛	†96⅛	97⅛	19/7	—	—
Petro Mexicano 7 84	0⅛	98⅛	98⅞	24/7	12.06	12.18
Privredna Banka 8 86	0⅛	95⅛	96⅛	20/12	11.88	12.05
Royal Bank Scot. 5½ 94	0⅛	98⅛	99⅛	11/10	11	11.14
Sogenal 5⅜ 89	0⅛	98	98½	11/1	10.94	11.13
Texas Int. Airways 7 86	0⅛	98⅛	98⅞	11/10	11.56	11.97
TVO Pwr. 9 91 (D-lock)	0⅛	97⅛	98⅛	24/11	11⅛	11.35
Utd. Overseas Bk. 6 89	0⅛	97⅛	98⅛	29/9	11.14	11.36
Bq. E. d'Alg. 4⅜ 89 SF	0⅛	97⅛	98	18/12	4⅛	4.34

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktiebolag 7⅜ 89	10/79	174	94⅛	94⅞	0	0.02
Ciba-Geigy O/S F. 4 94	9/79	675	84	84⅞	+0⅛	4.74
Credit Suisse 4⅜ 93	10/78	1326	105⅛	105⅞	0	3.72
Esselte 7⅜ 89	9/79	159	95⅛	96⅛	+0⅛	−1.80
Honda Motor 5½ 89	5/79	532	97	97⅜	−0⅛	5.69
LPC Internatnl. 8 89	9/79	35	101⅛	102⅛	−0⅛	9.86
Nitto Elec. Ind. 6 94	7/79	735	92⅛	93⅛	−0⅛	2.53
Novo Industri 7 89	4/79	259	87	88⅛	−0⅛	2.61
Fujitsu 5 84 DM	7/79	475	98⅛	99⅛	+0⅛	27.33
Kansai Elec. 4 84 DM	4/79	1350	†88	89	+0⅛	45.28
Marudai Food 3½ DM	2/79	1033	79⅛	80⅛	+0⅛	46.28
Nippon Ysn. 3⅜ 85 DM	1/79	251	†118½	119⅛	+0⅛	0.29
Nissan Disel. 3⅜ 86 DM	2/78	477	†93⅛	94⅛	0	13.43
Olymp. Opt. 3⅜ 85 DM	2/79	703	89⅛	90½	+1⅛	0.25
Sharp Cpn. 3½ 86 DM	2/79	487	†93⅛	94⅛	−1⅛	12.03
Tokyo Elec. 3½ 87 DM	4/79	476	87⅛	88⅛	+2⅛	36.44
Tokyu Ld. Cp. 4 85 DM	4/79	482	†82⅛	83⅛	+0⅛	32.05

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

AMERICAN QUARTERLIES

ALBERTO-CULVER Third quarter	1979 $	1978 $
Revenue	46.7m	43.9m
Net profits	104.0m	933,000
Net per share	0.25	0.21
Nine months		
Revenue	137.9m	128.1m
Net profits	2.63m	2.17m
Net per share	0.63	0.51

AMERICAN BRANDS Second quarter	1979 $	1978 $
Revenue	1.36bn	1.23bn
Net profits	72.15m	42.54m
Net per share	2.41	1.58
Six months		
Revenue	2.78bn	2.49bn
Net profits	141.7m	98.35m
Net per share	4.85	3.68

BLACK AND DECKER MANUF. Third quarter	1979 $	1978 $
Revenue	294.8m	237.0m
Net profits	20.67m	17.05m
Net per share	0.49	0.40
Nine months		
Revenue	900.3m	721.9m
Net profits	68.63m	50.77m
Net per share	1.64	1.21

CLARK EQUIPMENT Second quarter	1979 $	1978 $
Revenue	430.6m	379.9m
Net profits	32.54m	22.49m
Net per share	2.46	1.64
Six months		
Revenue	845.0m	715.9m
Net profits	60.75m	43.27m
Net per share	4.56	3.16

COMMONWEALTH EDISON Second quarter	1979 $	1978 $
Revenue	664.3m	568.1m
Net profits	66.96m	61.41m
Net per share	0.78	0.80
Six months		
Revenue	1.33bn	1.18bn
Net profits	98.92m	113.24m
Net per share	1.15	1.49

CONTINENTAL CORPORATION Second quarter	1979 $	1978 $
Net profits	60.6m	60.6m
Net per share	1.13	1.52
Six months		
Net profits	131.4m	144.6m
Net per share	2.45	2.71

CURTISS-WRIGHT Second quarter	1979 $	1978 $
Revenue	88.3m	83.1m
Net profits	4.91m	4.36m
Net per share	0.58	0.51
Six months		
Revenue	178.5m	153.6m
Net profits	9.2m	7.71m
Net per share	1.09	0.90

DILLINGHAM CORPORATION Second quarter	1979 $	1978 $
Revenue	289.9m	223.4m
Net profits	6.21m	†738,000
Net per share	0.46	†0.08
Six months		
Revenue	521.5m	436.9m
Net profits	15.81m	†11.4m
Net per share	1.16	†0.14

† Loss

EASTERN GAS & FUEL ASSOC. Second quarter	1979 $	1978 $
Revenue	208.0m	185.1m
Net profits	10.7m	9.2m
Net per share	0.51	0.42
Six months		
Revenue	450.7m	318.8m
Net profits	28.1m	121,000
Net per share	1.24	0.01

FEDERAL-MOGUL Second quarter	1979 $	1978 $
Revenue	174.9m	145.1m
Net profits	12.8m	9.5m
Net per share	0.98	0.73
Six months		
Revenue	338.0m	272.4m
Net profits	23.5m	16.5m
Net per share	1.80	1.27

FUQUA INDUSTRIES Second quarter	1979 $	1978 $
Revenue	546.5m	425.3m
Net profits	18.3m	8.67m
Net per share	1.41	0.66
Six months		
Revenue	1.0bn	770.9m
Net profits	28.53m	13.06m
Net per share	2.18	0.98

GANNETT Second quarter	1979 $	1978 $
Revenue	270.79m	248.1m
Net profits	36.57m	30.73m
Net per share	1.02	0.87
Six months		
Revenue	507.5m	458.3m
Net profits	60.38m	49.35m
Net per share	1.70	1.43

GENERAL TELEPHONE & ELECTRONICS Second quarter	1979 $	1978 $
Revenue	2.44bn	2.14bn
Net profits	159.4m	135.0m
Net per share	1.10	0.96
Six months		
Revenue	4.89bn	4.13bn
Net profits	298.4m	285.1m
Net per share	2.07	2.02

GILLETTE Second quarter	1979 $	1978 $
Revenue	480.8m	417.2m
Net profits	30.72m	25.63m
Net per share	1.02	0.86
Six months		
Revenue	941.0m	815.9m
Net profits	61.58m	48.11m
Net per share	2.04	1.60

G. HEILEMAN BREWING Second quarter	1979 $	1978 $
Revenue	185.7m	103.1m
Net profits	9.01m	5.78m
Net per share	1.58	1.01
Six months		
Revenue	289.2m	183.0m
Net profits	13.2m	8.9m
Net per share	2.29	1.56

HERCULES Second quarter	1979 $	1978 $
Revenue	580.0m	509.0m
Net profits	40.3m	27.8m
Net per share	0.91	0.64
Six months		
Revenue	1.1bn	948.0m
Net profits	76.4m	46.1m
Net per share	1.73	1.06

IDEAL BASIC INDUSTRIES Second quarter	1979 $	1978 $
Revenue	125.2m	120.5m
Net profits	15.95m	15.22m
Net per share	1.18	1.12
Six months		
Revenue	204.4m	196.2m
Net profits	26.54m	22.92m
Net per share	1.96	1.69

INTERLAKE Second quarter	1979 $	1978 $
Revenue	281.1m	221.0m
Net profits	9.71m	8.06m
Net per share	1.62	1.35
Six months		
Revenue	545.6m	435.2m
Net profits	10.52m	6.96m
Net per share	1.76	1.17

IU INTERNATIONAL Second quarter	1979 $	1978 $
Revenue	681.4m	528.6m
Net profits	18.1m	14.7m
Net per share	0.51	0.43
Six months		
Revenue	1.4bn	1.25bn
Net profits	38.8m	37.8m
Net per share	1.10	1.12

KIMBERLY-CLARK Second quarter	1979 $	1978 $
Revenue	547.4m	487.1m
Net profits	39.6m	37.5m
Net per share	1.69	1.61
Six months		
Revenue	1.09bn	946.0m
Net profits	87.8m	75.6m
Net per share	3.49	3.23

KNIGHT-RIDDER NEWSPAPERS Second quarter	1979 $	1978 $
Revenue	248.1m	227.1m
Net profits	26.14m	23.65m
Net per share	0.79	0.72
Six months		
Revenue	489.7m	424.1m
Net profits	42.51m	37.65m
Net per share	1.29	1.16

MAREMONT Second quarter	1979 $	1978 $
Revenue	100.2m	102.2m
Net profits	6.73m	5.37m
Net per share	1.66	1.32
Six months		
Revenue	193.0m	173.6m
Net profits	9.47m	7.33m
Net per share	2.34	1.79

MELVILLE CORPORATION Second quarter	1979 $	1978 $
Revenue	485.9m	410.7m
Net profits	21.79m	17.12m
Net per share	0.87	0.69
Six months		
Revenue	858.4m	736.6m
Net profits	28.09m	24.64m
Net per share	1.12	0.99

MUNSINGWEAR Second quarter	1979 $	1978 $
Revenue	25.3m	24.9m
Net profits	†648,000	†137,000
Net per share	†0.49	†0.10
Six months		
Revenue	51.0m	58.0m
Net profits	900,000	1.81m
Net per share	0.36	1.37

† Loss

NORFOLK & WESTERN RAILWAY Second quarter	1979 $	1978 $
Revenue	379.9m	378.4m
Net profits	54.61m	68.57m
Net per share	1.75	2.20
Six months		
Revenue	706.7m	805.0m
Net profits	100.7m	55.91m
Net per share	3.23	1.79

QUESTOR CORPORATION Second quarter	1979 $	1978 $
Revenue	125.0m	113.7m
Net profits	2.18m	3.34m
Net per share	0.22	0.40
Six months		
Revenue	229.3m	217.8m
Net profits	179,000	2.57m
Net per share	0.01	0.25

RALSTON PURINA Third quarter	1979 $	1978 $
Revenue	1.14bn	1.03bn
Net profits	23.4m	38.3m
Net per share	0.21	0.34
Nine months		
Revenue	3.37bn	3.02bn
Net profits	100.8m	120.4m
Net per share	0.90	1.07

A. H. ROBINS Second quarter	1979 $	1978 $
Revenue	90.4m	87.0m
Net profits	5.23m	7.39m
Net per share	0.20	0.29
Six months		
Revenue	184.1m	176.3m
Net profits	13.91m	16.36m
Net per share	0.53	0.63

S. CALIFORNIA EDISON Second quarter	1979 $	1978 $
Revenue	566.7m	545.4m
Net profits	58.17m	38.53m
Net per share	0.88	0.67
Six months		
Revenue	1.17bn	1.08bn
Net profits	129.8m	72.59m
Net per share	1.96	1.29

TEXACO CANADA Second quarter	1979 C$	1978 C$
Revenue	582.8m	438.6m
Net profits	52.7m	35.4m
Net per share	1.57	1.00
Six months		
Revenue	1.22bn	948.5m
Net profits	100.8m	77.0m
Net per share	2.98	2.20

TRANS UNION Second quarter	1979 $	1978 $
Revenue	230.4m	187.5m
Net profits	14.67m	14.32m
Net per share	1.22	1.20
Six months		
Revenue	431.6m	367.1m
Net profits	25.78m	27.67m
Net per share	2.16	2.33

U.S. GYPSUM Second quarter	1979 $	1978 $
Revenue	381.6m	362.1m
Net profits	35.37m	31.47m
Net per share	2.08	1.73
Six months		
Revenue	738.1m	674.0m
Net profits	54.98m	45.74m
Net per share	3.29	2.90

U.S. HOME Second quarter	1979 $	1978 $
Revenue	220.2m	165.6m
Net profits	9.5m	7.1m
Net per share	0.82	0.60
Six months		
Revenue	410.8m	309.1m
Net profits	20.1m	12.1m
Net per share	1.74	1.04

VIRGINIA ELECTRIC POWER Second quarter	1979 $	1978 $
Revenue	374.1m	322.3m
Net profits	43.43m	40.45m
Net per share	0.35	0.41
Six months		
Revenue	1.52bn	1.44bn
Net profits	196.69m	205.25m
Net per share	1.70	2.02

WARNER AND SWASEY Second quarter	1979 $	1978 $
Revenue	78.2m	70.0m
Net profits	5.83m	2.06m
Net per share	1.35	0.59
Six months		
Revenue	143.3m	130.3m
Net profits	10.37m	6.31m
Net per share	3.10	1.40

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ITALIAN CHEMICAL INDUSTRY

Montedison requests more state cash

BY RUPERT CORNWELL IN ROME

A FURTHER request for funds from the Italian Government by the troubled Montedison group has underlined the continuing plight of the chemical sector here, despite the agreement on a banking consortium to salvage the virtually bankrupt SIR concern.

The application, understood to be for L900bn ($1.1bn), has been made to the Industry Ministry under the terms of the special legislation providing help for reconversion of key industries. It is part of the medium-term recovery programme drawn up by Montedison, designed to see the loss-making group back in financial balance by 1981.

The L900bn is separate from the L300bn which is estimated as the cost of the proposed rescue operation to save Montefibre, the fibres subsidiary of Montedison, which without a speedy injection of funds, is itself facing financial collapse.

After pouring an estimated L600bn ($730m) over the past five years into Montefibre, the Milan-based group has made it clear that it cannot, and will not, provide any further resources to tide over its subsidiary.

It is now up to the Government, and the banks that would be involved in a Montefibre rescue consortium to agree on what to do. But there appear to be serious doubts over the viability of the plan. This calls for the subscripition of new shares for L125bn, plus L160bn of loans and the conversion of existing credits from Montedison into share capital.

The picture is the same at another fibres group, Snia Viscosa, in which Montedison has the largest single shareholding, and whose losses in 1977 and 1978 reached almost L130bn.

Following the failure of plans earlier this year to rationalise the synthetic fibre sector by merging Montefibre and Snia into a new group, Snia has warned that it will have to close down a number of plants shortly, for lack of funds to purchase raw materials. Some 3,000 extra redundancies risk being created, unless, yet again, the authorities here step in.

For its part Montedison is continuing its policy of selling off its non chemical activities. Already Fingest, its financial holding company, and Novamont, its U.S. subsidiary, have been disposed of, and the group is reportedly negotiating the sale of some of its Belgian interests.

Meanwhile, the shape of the new SIR is starting to emerge. The company's new president, replacing Sig. Nino Rovelli, will be Sig. Arnaldo Maria Angelini, formerly in charge of ENEL, the state electricity supply agency. Managing director will be Sig. Aldo Mella, who until recently held that job at ANIC, the chemical subsidiary of the ENI state hydrocarbons group.

The plan basically calls for the banks consortium to convert into capital L500bn of outstanding credits to SIR, and to subscribe to new shares and debentures worth L500bn.

A further L1,200bn of existing credits will be turned into subsidised soft loans, while SIR will be left to repay at prevailing market rates its remaining outstanding debts, put at L1,100bn.

Easing sales trend at Sandoz

BY JOHN WICKS IN ZURICH

TURNOVER of the Swiss chemcials concern Sandoz eased by 0.9 per cent in the first half of 1979, declining from SwFr 2.31bn to SwFr 2.29bn. The setback was due to exchange rate developments because local-currency sales increased by some 8 per cent over the period.

Growth of pharmaceutical sales was "satisfactory," according to parent company Sandoz AG, with higher sales in almost all national markets. In terms of Swiss francs, divisional turnover rose by 1 per cent to SwFr 1.06bn. Sandoz's second biggest operation, dyestuffs production, experienced a noticeable revival of demand, local-currency sales showing marked increases in most major markets. Here, Swiss franc turnover rose by 2.5 per cent to SwFr 583m.

Also higher in Swiss franc consolidated terms were the sales figure for agro-chemicals, up by 1.9 per cent to SwFr 164m despite unfavourable weather conditions in some regions.

The seeds division made satisfactory progress in terms of U.S. dollars but the weakness of the American currency meant there was a 4.5 per cent drop to SwFr 256m with turnover expressed in Swiss francs. Sales of the food division fell by as much as 14.4 per cent to SwFr 230m, due largely to the absence of the Nigerian affiliates, following their transfer to local shareholders.

While Sandoz says that earnings in the first half were satisfactory, it stresses that in the second half much will depend on the effects of the oil-price increases and the unstable foreign-exchange situation.

* * *

THE LEADING European underwear and foundation-garment concern, Triumph International, increased its group turnover by 3.5 per cent last year to DM 813m ($447m). Actual growth was greater in terms of local currencies, group figures being consolidated in Deutschmarks owing to the large share of sales accounted for by the Federal Republic. In 1978, these German sales amounted to DM 315.9m of group turnover.

According to the European holding company Triumph Universa AG, of Berne, non-German sales in Europe amounted to SwFr 273.5m last year. This shows a decline on 1977 levels owing to the currency-rate alteration, local-currency turnover having improved by 5 per cent. Net profits of the Berne company rose slightly from SwFr 9.4m to SwFr 9.6m. Group sales in the United Kingdom were up by 14 per cent. Turnover outside Europe is given as the equivalent of HK$592.9m.

Consolidated surplus of the Triumph International group reached some DM 30m in 1978, investments DM 20m and depreciations DM 13m.

Olivetti and Amdahl plan co-operation

By Our Rome Correspondent

A SIGNIFICANT agreement is in prospect between Olivetti, the Italian office equipment and electronics group, and Amdahl Corporation of the U.S., the fast growing data processing supplier which specialises in large computers.

Optimism at a positive outcome of the talks now in progress between the two groups "within two or three months" was expressed last week in San Francisco by senior Amdahl executives

Olivetti yesterday confirmed the talks, but gave no details of what lines any project might take. However, Amdahl has ruled out any exchange of shareholdings

It remains unclear, therefore, whether the two have in mind a marketing venture, which might bring Olivetti indirectly back into the main frame computer business, or whether they are planning cooperation in the peripherals field.

A deal with Amdahl would be further evidence of the vigorous shake-up at Olivetti since the arrival of Sig. Carlo de Benedetti as managing director.

The U.S. company for its part has just experienced a sharp drop in second quarter pro?s, as a result of clients' delays in acquiring, rather than leasing, new computers. Earnings in the first half of 1979 dropped to $14.8m—from $20.6m in the same period of 1978.

Commerzbank operating income rises

FRANKFURT — Operating income totalled DM 184m in the first half of 1979, for Commerzbank, up 9 per cent on the first half of 1978. At the same time the bank, one of the major commercial banks in West Germany, said that its earnings on interest grew 6.6 per cent in the first six months, only half as much as the growth rate for the first half of 1978. The growth of interest earnings is calculated by a method peculiar to the German banking system. The method compares the earnings on interest to June 30 with one half of the total earnings on interest for 1978. By this method, earnings on interest to June 30 totalled DM 577.6m, up from DM 541.6m.

At the same time—and using the same method of calculation—operating income was 2.3 per cent lower. Volume of business totalled DM 62.28bn, up 18 per cent.

Despite the lower operating income, Commerzbank was able to report that it had good revenues from its foreign exchange business. The bank said that the write-off of certain holdings of securities at the end of the year would "burden" 1979 profits.

AP-DJ

Portuguese cement group hit by floods and costs

BY JIMMY BURNS IN LISBON

LOWER profits for this year have been forecast by Sr Jose Torres Campos, the chairman of Cimpor, Portugal's nationalised cement company. The company recorded net profits of Escudos 357m ($7.3m) last year against Esc 38m in 1977 but this performance is unlikely to be repeated in the short term given the domestic recession and its effects on the construction industry.

Production and domestic sales at Cimpor increased by 19 per cent and 17 per cent respectively in 1978 compared to the previous year. Since then the Government's austerity programme and increased energy costs (the company has one of the highest energy bills in Portuguese industry), plus the nationwide floods this winter have adversely affected Cimpor's performance.

Sr Torres Campos estimates that his company's profits will be down to Esc 230m ($4.7m) *this year and that production* will increase by only 3-4 per cent.

Investments in 1980 will include $100m in a new production line.

Kaufhof mail order stake

COLOGNE — Kaufhof, West Germany's second largest department store group, has acquired a majority shareholding in the privately-owned mail order business Friedrich Wenz.

Kaufhof declined to give details of thet transaction, but said the stake amounts to well over 50 per cent of the Wenz basic capital.

Wenz, which employs around 1,170 and had sales of DM 375m in the year ended September 30, 1978, specialises in clocks, jewellery, textiles and leather goods. Kaufhof's 1978 sales totalled DM 7.38bn, up 4.2 per cent.

* * *

TRIUMPH WEREKE's annual meeting has approved a proposal to raise DM 240m by an issue of new shares. Triumph Werke will raise its capital to DM 80.5m from DM 46m by issuing 690,000 new DM 50 and DM 100 shares at DM 350 and DM 700 respectively.

Agencies.

ENI to boost investment

ROME—ENI plans to invest L13,800bn ($17bn) over the next five years, both to raise oil production and expand reliance on natural gas, coal, nuclear and solar energy. This represents an increase of 40 per cent over previous capital spending plans. ENI would add L7,000bn to its net indebtedness by 1983 under the plan.

The far-reaching proposals represent the goal of new chairman Giorgio Mazzanti to widen the role of the public sector in the energy industry in Italy. In addition, top ENI officials believe state energy corporations will become increasingly important as oil-producing countries take over more responsibilities from the private multinational companies.

AP-DJ

UTC OF SWITZERLAND

Diversifying away from West Africa

BY JOHN WICKS IN ZURICH

One of the largest industrial conglomerates in Switzerland, the UTC group, has in recent years switched its emphasis on diversification away from West Africa towards Europe

ONE OF the oldest and largest industrial conglomerates in Switzerland, the UTC group, is also one of the least understood both inside and outside this country.

The annual accounts of the UTC parent company — the 119th set was published last month — provide little insight into the workings of the group as a whole, while the Basle-based holding company, UTC International, is equally tight-lipped.

UTC International acts as intermediate holding company for all the UTC operations with the exception of three small property companies. Consolidated accounting, it declares, is misleading and even meaningless.

However, an idea of the sheer size of the group can be gained from looking at some of its major subsidiaries. In Switzerland, it has a controlling interest in the Jelmoli department store concern in Zurich, whose total turnover amounted to SwFr 986.4m ($600m) last year, as well as the international trading concern Union Handels-Gesellschaft in Basle with 1978 sales of SwFr 169.2m. Jelmoli last year acquired a minority stake in the Austrian Gerngross chain of 13 department stores with annual sales equal to about SwFr 400m. In the U.S., turnover of about $150m is foreseen for the current year by the engineering concern Dyneer Corporation in which UTC has a 40 per cent shareholding through a Dutch subsidiary. In West Africa, the 40 per cent-owned UTC Nigeria had 1978 sales of 244m naira.

The history of UTC begins in West Africa and Africa still plays an important part in UTC activities, although operations have ceased in Liberia and the Cameroons and are limited to Nigeria and Ghana. In Nigeria UTC has made the most of what it sees as "tremendous market potential." Over the past five years, profits and turnover have developed faster in these affiliates. The UTC executives disagree with recent reports denigrating Nigeria, which they see on the way to a healthy economic policy.

In Ghana the problems are tougher, aggravated as they are by the gradual devaluation of the cedi from SwFr 4 to only 62 centimes. Still, UTC of Ghana (shareholding: 60 per cent) was able to raise both turnover and profits in 1978, even if earnings from the period 1962-66 were not transferred to Switzerland until 1977 and none at all were repatriated last year.

In recent years, the group has concentrated on building up its activities outside West Africa. This geographical diversification has been aimed not at other Third World countries but rather in Europe. The really big move was the purchase of the Jelmoli shareholding in Switzerland. UTC had also looked at the possibility of a stake in the SSIH watch group—subsequently taken up by the Zurich trading company Siber Hegner—and was talked of as a serious contender for control of the Bally shoe group, now part of Oerlikon-Bührle.

UTC built up valuable department store experience from retailing in Africa and, Dr. A. Wachtee, UTC international managing director, came to the group straight from years of top positions in big-shop retailing.

In America, the Dyneer operation is growing fast, having expanded through four recent acquisitions. The group has a vast range of products, from pneumatic shock absorbers to motorised caddies and from office equipment to solar energy equipment. The development of special cells and modules in the latter sector is now planned on the basis of an agreement with CGE of France.

Another manufacturing subsidiary is the Link-Hampson concern, of Newbury in the UK. This, too, has a wide programme, primarily of products for garage, garden and household use, and owns the window and door manufacturer T. H. Fidler, also of Newbury. The UK trading and holding company Overseas Buyers, another group member, also controls the Merlin Aerial undertaking—which assembles Japanese car aerials—and last year took over the south-west London Ford dealers Charles King Motors and the radio-equipment producer Stereosound.

While the UTC group is very much a conglomerate — its activities stretching into such unlikely fields as the operation of a chain of Argentine steakhouses in Switzerland or the cultivation of ornamental shrubs in Ghana—a particular side-interest seems to have developed in garage equipment. Apart from the operations in this sector already mentioned, UTC owns the Swiss garage installations and tools undertaking KSU Kapp Schnellmann and last year took up a 50 per cent share in a new German company, Systema Leasing, to lease filling-station tills marketed by yet another set of subsidiaries, those under the UTAX title. The UTAX companies number among their other operations the marketing of electronic calculators and photo-copiers.

UTC is also casting eyes at chances in the Far East and Australasia. Already, UTC Far East in Hong Kong and UTC Japan KK in Tokyo are engaged in selling European goods there.

INTNTL. COMPANIES and FINANCE

JAKARTA STOCK MARKET

The infant looks to the future

BY PHILIP BOWRING, RECENTLY IN JAKARTA

IN THE most significant development for Jakarta's infant stock market since it was launched two years ago, Pt British-American Tobacco, the Indonesian subsidiary of BAT Industries is expected to come to market here in late September.

The issue is expected to be of around 16bn rupiahs (US$2.6m) in new shares, which would give the Indonesian public 30 per cent of the British-controlled company. It is a significant issue by most standards, but overwhelming in the local context, where there are as yet only two quoted companies — Pt Semen Cibinong, a U.S.-Indonesian joint cement venture, and Pt Sentex, a Japanese-Indonesian joint venture in textiles. The expected size of the BAT issue compares with the total for the two previous issues of only 2bn rupiahs. Thus in one stroke the size of the market will be increased some ninefold.

The BAT issue is thus being regarded as a major step in the development of the local capital market.

The government here is highly keen to develop the market as a vehicle for furthering local involvement in foreign companies, and as a means of tapping, for investment in industry, the local banks' rapidly growing private customer deposit base.

A key to the marketing of the issue will be Bank Bumi Daya, which is Indonesia's largest commercial bank and a shareholder in Pt Aseam Merchant Bank which is managing the issue. Bumi Daya's branch network will be used to help market the issue, particularly outside Jakarta.

Of the issue, 50 per cent will be underwritten by Pt Danareksa, a Government-backed multi purpose financial institution. Danareksa sells back-to-back participating certificates in listed companies based on fractions of a share. These certificates are sold to small investors through the state banks in an attempt to give access to participation to small investors who would not have any direct knowledge of or access to the stock market. Danareksa is also expected soon to launch a unit trust.

Foreigners cannot participate in the market, which is reserved for Indonesian individuals and specified financial institutions.

At present, pension funds and insurance companies are excluded, but it is understood that the Ministry of Finance is likely to lift this restriction soon, a move regarded as vital for the market's rapid growth. At present a secondary market in existing issues is almost non-existent. But if the BAT offer is successful it should give a big boost to trading.

The infant Indonesian stock market in Jakarta is expected to receive a boost this autumn with the making of an issue by the local subsidiary of BAT Industries of the UK. With only two companies currently quoted on the exchange, the $2.6m issue looked for would mean a ninefold rise in the market's base. Further moves are thought to be in the pipeline.

In the longer term, if the market is to develop it must exhibit the potential of capital gains to attract investors away from bank deposits. As it is, the BAT issue is expected to have to be launched on a dividend yield somewhere between the 9 per cent paid on one-year deposits with state banks and the 12 per cent on two year deposits. Dividends of quoted companies, as of state bank deposits, are tax exempt.

Semen Cibinong is currently yielding 9 per cent. It has performed well since it became the first company to be launched, two years ago. The dividend has been increased and the shares are now quoted at 12,800 rupiahs, compared with an original issue price of 10,000 rupiahs. However secondary market trading is too thin for many conclusions to be drawn from these figures. BAT is hoping for a good response, partly on the basis of its name. Established in Indonesia since 1917, it is the leader in non-traditional cigarette manufacture, has a steady profit growth record behind it, and a future of strong growth in cigarette consumption.

Its profits for last year have not been released, but are believed to have been in the region of 5bn rupiahs — with growth this year of 30 per cent probably to be expected. Apart from the general expectation that foreign companies will move to increase local participation, there is a sliding-scale tax incentive to going public. By selling off 30 per cent, BAT's profits tax rate will be reduced from the normal 45 per cent to 35 per cent.

Despite the incentives, development of the capital market has been slow. Apart from enduring bureaucratic hurdles, it had some teething problems. Then, just as it seemed about to move ahead swiftly, the rupiah was devalued by 30 per cent last November, forcing the revision of corporate expectations. The local subsidiary of Union Carbide was to have come to the market near the end of last year, but the issue had to be postponed indefinitely because of the sharp profit fall expected as a result of devaluation. BAT, which uses few imported materials and has no foreign currency borrowings, was little affected by devaluation. Devaluation is also believed to have delayed flotation of the local Unilever subsidiary, which, like Goodyear, is now expected to come to the market sometime next year. Several other companies are also interest, but are waiting to see what happens to the BAT issue before making any moves.

Profits rise at Everite

By Jim Jones in Johannesburg

EVERITE, the South African asbestos products and mining group, which is controlled by the Eternit group of Switzerland, has announced a 24.7 per cent operating profit increase to R9.55m ($11.3m), for the year to June 30, 1979, from R7.66m the previous year. Turnover rose by 21.7 per cent to R78.5m ($92.9m), from R64.5m.

In part, this improvement arose with consolidation for the full year and other acquisitions during the past year. Just how much of this year's growth was attributable to generally higher activity is not revealed in the preliminary announcement of results, but the company says that a slight increase in building industry activity in the six months to end-June is reflected in higher sales volume.

The rise in operating income was to an extent held down by lower dividend income from the unconsolidated asbestos mining interests. The Cape blue (crocidolite) asbestos mining operations cut their dividend contribution to R765,000, from R1.02m.

In the wake of a disproportionately higher tax charge, earnings per share advanced only to 31.4 cents, from 28.6 cents, and the year's total dividend payout increased to 16.5 cents per share from 15 cents in the previous year. Trading at 213 cents in Johannesburg, the share yields 7.7 per cent.

INDIAN NEWS

Asahi issue to meet equity rule

BY P. C. MAHANTI IN CALCUTTA

ASAHI GLASS, the Japanese multinational which makes glass and allied products, chemical products and refractories, is offering 480,000 equity shares in its Indian offshoot, Indo-Asahi Glass, to Indian investors, to dilute its holding to 40 per per cent, as required by the Foreign Exchange Regulation Act (FERA).

Indo-Asahi Glass is a post-war venture in India, making quality sheet glass since its inception. The existing holding of Asahi Glass is 70 per cent.

Side by side with the dilution, expansion and diversification, schemes are being launched to strengthen Indo-Asahi's operational base. An important move is to make ophthalmic lenses as an export venture.

Indo-Asahi was started to take over the ailing Sodepur Glass works in West Bengal at the initiative of the Industrial Finance Corporation of India, and has been earning profits. The ophthalmic lens project is also located in West Bengal, the first foreign venture in the state in many years.

* * *

ALKALI CHEMICAL Corporation of India, an Indian offshoot of ICI UK, which struck a bad patch during the year ended September 1978, because of labour trouble in its plants, has appreciably improved its performance during the first half of the current year, to March, 1979.

Trading income has risen to Rs272m (some $34m) from Rs202m in the same period of the previous year and profit before interest and tax increased from Rs1m to Rs16.4m (about $2m).

However, the company has declared no interim dividend because of high depreciation and interest charges on the new drug project launched in Ennore, in South India, which have cut deeply into profits. The drug project has not yet become rewarding because of the delay in receiving Government approval for the prices which the company can charge for its drugs.

Another Indian subsidiary of ICI UK, Indian Explosives, has also done better during the first half, to March 1979. However, the improvement is marginal, with sales income Rs431.7m, compared with Rs412m. The management says that the improvement is insecure as the company's explosives factory is still beset with labour and power problems. Because of Indian Explosives' lower output of blasting explosives, the country's coal output has gone down, and negotiations for explosives imports at higher prices are going on with foreign countries. Fertiliser output and sales have been more or less steady.

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CURRENCIES, MONEY and GOLD

Pound firm on strong demand

STERLING continued to improve against major currencies in the foreign exchange market yesterday as demand for the currency continued and major banks intervened from time to time in an effort to slow down the rise. With interest rates remaining high and the Government's firm resolve to reduce public spending, sterling's improvement reflected genuine interest as well as a continuation of bearish undertone surrounding the dollar.

On Bank of England figures, its trade-weighted index rose sharply to 73.0, its best level

since February, 1976, and compared with Friday's closing level of 72.3.

Against the dollar sterling opened at $2.2885-2.2900 and dipped briefly to $2.2850, before rising to touch $2.3040-2.3050. By the close it had eased a little to $2.3010-2.3020, a rise of 2.85c from Friday and its highest closing level since early June, 1975.

The dollar moved in a fairly narrow range for most of the day as trading remained nervous ahead of further possible moves by the Federal authorities. The U.S. unit showed a slight rise on news of an increase in First National Chicago's prime rate to 11¾ per cent from 11½ per cent, but the dollar's slightly steadier look was largely underpinned by Central Bank intervention. Against the D-mark it finished at DM 1.8115 from DM 1.8180 and eased to SwFr 1.6310 from SwFr 1.6450 against the Swiss franc. A rise in Japan's discount rate to 5¼ per cent from 4¼ per cent may have weakened the dollar a little, and it closed at Y215.60 compared with Y217¼ on Friday. On Bank of England figures, its trade-weighted index fell from 84.2 to 83.8.

FRANKFURT—The dollar was fixed at DM 1.8091 yesterday, down from Friday's level of DM 1.8107. The Bundesbank lent a hand by buying around $20m at the fixing. Early trading was generally subdued after last week's reshuffle of the U.S. administration and President Carter's energy speech.

NEW YORK—The dollar was fairly steady against most currencies, with dealers suspecting a certain amount of intervention by the Bundesbank and the Federal Reserve Bank. There were no fresh factors in the market and the steadier trend was partly due to technical factors. In early trading the U.S. unit was quoted at $2.2040 from $2.2840 against sterling and DM 1.8090 compared with DM 1.8200 against the D-mark.

MILAN—The lira improved against the dollar, but eased slightly against sterling and its EMS partners. The dollar was fixed at L815.30.

TOKYO—The dollar closed weaker against the yen at Y214.75.

THE POUND SPOT AND FORWARD

July 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2860-2.3050	2.3010-2.3020	0.70-0.60c pm	3.39	1.60-1.50 pm	2.69
Canada	2.6625-2.6760	2.6745-2.6755	0.70-0.60c pm	2.92	1.65-1.55 pm	2.39
Nethlnd.	4.55-4.59½	4.58-4.59	2½-1½c pm	4.91	5¼-4¼ pm	4.14
Belgium	66.20-66.65	66.55-66.65	18-8c pm	2.34	37-27 pm	1.92
Denmark	11.88-11.96	11.95½-11.96½	1½ore pm-½ore dis	0.50	4-6 dis	−1.67
Ireland	1.0960-1.1005	1.0990-1.1000	28-30p dis	−2.73	67-77 dis	−2.62
W. Ger.	4.13½-4.18	4.16½-4.17½	3½-2½pf pm	8.27	8-7 pm	0.07
Portugal	110.25-111.50	111.05-111.35	40-100c dis	−7.55	100-200 dis	−5.40
Spain	151.90-152.10	151.90-152.00	230-280c dis	−0.20	480-580dis	−13.95
Italy	1,872-1,878	1,875½-1,876½	2¼-4¼ lire dis	−2.08	9-12 dis	−2.27
Norway	11.50-11.57	11.54½-11.55½	5½-3½ore pm	4.94	14-12 pm	4.50
France	9.67-9.73	9.71-9.72	3-2c pm	3.09	5½-4½ pm	2.06
Sweden	9.62-9.68	9.65½-9.66½	1ore pm-1ore dis	par	3-1 pm	0.83
Japan	490-500	496-497	4.20-3.80y pm	9.79	9.85-9.65pm	−7.90
Austria	30.40-30.65	30.60-30.65	22-12gro pm	6.66	52-42 pm	6.14
Switz.	3.73½-3.76½	3.75-3.76	4½-3½c pm	12.98	12½-11½ pm	12.52

Belgian rate is for convertible francs. Financial franc 69.85-69.95c pm. Six-month forward dollar 2.28-2.33c pm; 12-month 3.95-3.85c pm.

THE DOLLAR SPOT AND FORWARD

July 23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2860-2.3050	2.3010-2.3020	0.70-0.60c pm	3.39	1.60-1.50 pm	2.69
Ireland†	2.0920-2.0970	2.0920-2.0970	1.25-1.05c pm	6.59	3.20-2.75 pm	5.67
Canada†	85.97-86.18	86.00-86.02	0.05-0.03c pm	0.56	0.08-0.05 pm	0.30
Nethlnd.	1.9880-1.9920	1.9905-1.9915	0.35-0.25c pm	1.96	0.83-0.78 pm	1.60
Belgium	28.90-28.96	28.92-28.95	1-3c dis	−0.83	4-8 dis	−0.83
Denmark	5.1960-5.1985	5.1965-5.1980	1.00-1.60ore dis	−2.99	5.50-6.00dis	−4.42
W. Ger.	1.8070-1.8120	1.8100-1.8110	0.82-0.72pf pm	5.10	2.14-2.04 pm	4.62
Portugal	48.32-48.48	48.34-48.39	35-45c dis	−9.92	90-130 dis	−9.10
Spain	66.15-66.20	66.15-66.20	100-120c dis	−10.95	250-270dis	−15.71
Italy	814.5-817.5	815.00-815.40	4.00-4.75 lire dis	−6.44	11-12 dis	−5.64
Norway	5.0180-5.0200	5.0185-5.0195	0.95-0.45ore pm	1.67	2.50-2.00 pm	1.79
France	4.2170-4.2250	4.2200-4.2220	0.10-0.20c dis	−0.43	0.85-0.95dis	−0.71
Sweden	4.1980-4.1990	4.1965-4.1975	0.90-1.10ore dis	−2.86	2.75-2.95dis	−2.72
Japan	214.70-215.75	215.40-215.60	1.20-1.05y pm	6.28	2.90-2.75 pm	5.24
Austria	13.30-13.30½	13.30-13.30½	5.60-4.50gro pm	4.28	12.25-10.75pm	3.46
Switz.	1.6280-1.6330	1.6315-1.6325	1.47-1.42c pm	10.62	3.83-3.93 pm	9.51

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 20	Bank of England Index	Morgan Guaranty changes %
Sterling	72.3	−35.2
U.S. dollar	84.2	−9.1
Canadian dollar	80.7	−17.0
Austrian schilling	148.4	+19.5
Belgian franc	114.5	+13.7
Danish kroner	114.7	+3.2
Deutsche Mark	182.1	+42.5
Swiss franc	198.1	+81.7
Guilder	123.7	+18.7
French franc	99.0	−7.6
Lira	55.1	−48.8
Yen	131.4	+29.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

July 20	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.572023	0.611694
U.S. $	10	1.30787	1.39739
Canadian $	11¼	1.52315	1.62657
Austria Sch.	3¾	17.3947	18.5858
Belgian F	9	37.9446	40.5803
Danish K	9	6.80289	7.25784
D mark	5	2.36816	2.53040
Guilder	6	2.60397	2.78221
French Fr.	9½	5.52248	5.90049
Lira	10½	1066.89	1140.27
Yen	4¼	282.500	301.726
Nrwgn. K	7	6.56878	7.02120
Spanish Pes.	8	85.7379	92.7869
Swedish Kr.	7	5.48887	5.86877
Swiss Fr.	1	2.14164	2.28765

OTHER MARKETS

July 23	£	$		£ Note Rates
Argentina Peso	3092-3112	1345-1355	Austria	30-31
Australia Dollar	2.0295-2.0335	0.8820-0.8835	Belgium	69.5-70.5
Brazil Cruzeiro	59.37-60.37	25.80-26.25	Denmark	11.90-12.05
Finland Markka	8.78-8.79	3.8150-3.8200	France	9.65-9.75
Greek Drachma	82.851-84.285	35.78-36.60	Germany	4.13-4.22
Hong Kong Dollar	11.90½-11.92½	5.1725-5.1815	Italy	1,880-1,980
Iran Rial	165.70-172.60	72-75	Japan	490-500
Kuwait Dinar (KD)	0.625-0.635	0.2746-0.2748	Netherlands	4.55-4.65
Luxembourg Frc.	66.10-66.20	28.92-28.94	Norway	11.50-11.65
Malaysia Dollar	4.92-4.93	2.1375-2.1425	Portugal	107-113
New Zealand Dlr.	2.2400-2.2460	0.9735-0.9760	Spain	150½-154½
Saudi Arab. Riyal	7.65-7.75	3.3590-3.3600	Switzerland	3.70-3.80
Singapore Dollar	4.92-4.93	2.1375-2.1425	United States	2.2975-2.3100
Sth. African Rand	1.9210-1.9310	0.8345-0.8390	Yugoslavia	43-46

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4689	+2.56	+1.25	±1.53
Danish Krone	7.08592	7.27093	+2.61	+1.29	±1.635
German D-Mark	2.51064	2.53184	+0.84	−0.47	±1.1325
French Franc	5.79831	5.90619	+1.86	+0.54	±1.35
Dutch Guilder	2.72077	2.78240	+2.27	+0.95	±1.5075
Irish Punt	0.662638	0.670372	+1.17	−0.15	±1.665
Italian Lira	1148.15	1141.14	−0.61	−0.61	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 23	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.302	4.170	495.5	9.715	3.755	4.585	1876.	2.675	66.60
U.S. Dollar	0.434	1.	1.812	215.3	4.221	1.632	1.992	815.1	1.162	28.94
Deutschemark	0.240	0.552	1.	119.1	2.330	0.900	1.100	449.9	0.641	15.97
Japanese Yen 1,000	2.014	4.645	8.399	1000.	19.57	7.565	9.235	3778.	5.385	134.1
French Franc 10	1.029	2.369	4.292	510.2	10.	3.865	4.720	1931.	2.753	68.55
Swiss Franc	0.266	0.613	1.111	132.2	2.587	1.	1.221	499.6	0.712	17.74
Dutch Guilder	0.218	0.502	0.909	108.2	2.119	0.819	1.	409.2	0.583	14.53
Italian Lira 1,000	0.533	1.227	2.223	264.2	5.179	2.002	2.444	1000.	1.426	35.50
Canadian Dollar	0.374	0.860	1.559	185.6	3.632	1.404	1.714	701.3	1.	24.90
Belgian Franc 100	1.502	3.456	6.261	745.5	14.59	5.638	6.884	2817.	4.017	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.70-10.80 per cent; three months 1.90-1.00 per cent; six months 10.90-11.00 per cent; one year 10.40-10.50 per cent.

July 23	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14-14¼	10⅛-10⅜	9½-10½	8⅛-8⅜	[illegible]	6⅛-6⅝	10-10⅛	12-15	—	−1-4⅛
7 days' notice	14-14¼	10⅝-10⅞	9½-10½	8⅛-8⅜	1-1¼	6⅛-6¼	10-10⅛	17½-19½	10⅝-10¾	2⅛-4⅛
Month	13⅞-14⅛	10⅞-11⅛	10⅞-11¼	9-9¼	[illegible]	6⅛-6¼	11-11¼	16½-17½	10⅞-10⅞	4⅞-5⅛
Three months	13⅞-14⅛	10⅞-11⅛	10⅞-11¼	9½-9¾	1½-1¾	6⅝-6⅞	11⅝-11⅞	16-17	11-11⅛	5⅞-6⅛
Six months	13⅝-13⅞	11⅛-11⅜	10⅞-11⅛	9¾-10	2⅛-2¼	6⅞-7	11⅞-12⅛	15½-16½	11⅛-11¼	6¼-6½
One year	12¾-13⅛	10⅝-10⅞	10½-10⅞	9⅝-9⅞	2⅛-2⅝	6⅞-7	11⅞-12⅛	14½-15½	10⅞-10⅞	6⅛-6¾

Long-term Eurodollar: two years 10⅞-10⅞ per cent; three years 10⅞-10⅞ per cent; four years 10⅝-10⅞ per cent; five years 10-10⅛ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Japanese discount rate 5¼%

The Bank of Japan raised its discount rate to 5¼ per cent from 4¼ per cent yesterday, a rather larger increase than generally expected. This was the second increase this year, with the central bank last raising the rate to 4¼ per cent from 3½ per cent in April. The latest move is seen as a measure to keep inflation under control. This has become particularly worrying following the rise in oil prices by the Organisation of Petroleum Exporting Countries, a major factor behind the rise of over 20 per cent in wholesale prices in April and May, and around 17 per cent in June. The rise in the discount rate follows similar moves by the U.S. and Canada in the last few days, and increases by West Germany and the Netherlands earlier this month.

NEW YORK — Short-term interest rates rose sharply following the rise in the discount rate before the week-end. Federal funds traded around 10¾-11¼ per cent in the morning, compared with a target rate of 10¾ per cent last week before the discount rate increase. The Federal Reserve added funds to the market by way of one-day and three-day repurchase orders when Federal funds were around 10⅞ per cent, while the First National Bank of Chicago led the move to higher prime rates with an increase to 11¾ per cent from 11½ per cent.

PARIS — Call money rose to 9¾ per cent from 9½ per cent. Period rates were also generally firmer, with one-month rising to 9¾-9⅞ per cent from 9½-9⅝ per cent, and three-month to 9⅞-10 per cent from 9⅝-9¾ per cent. Six-month money was unchanged at 10⅛-10¼ per cent, while 12-month rose to 10⅜-10½ per cent from 10⅛-10¼ per cent.

FRANKFURT — Call money rose to 6.10-6.30 per cent from 5.95-6.05 per cent. One-month was quoted at 6.20-6.40 per cent compared with 6.20-6.30 per cent, but longer term rates declined.

AMSTERDAM — Call money was unchanged at 8¼-8½ per cent, and one-month at 9¼-9⅜ per cent. Three-month was 9¼-9⅜ per cent, compared with 9¼-9⅜ per cent, while six-month rose to 9¾-10 per cent from 9⅝-9¾ per cent.

SINGAPORE — Many banks raised their prime rates, with Marine Midland increasing its rate by ½ per cent to 8½ per cent, while most others increased rates by ¼ per cent to 8¼ per cent or 8½ per cent.

GOLD

Record level

Gold rose to record levels in the London bullion market yesterday in hectic trading. It finished at $304¼-305, its highest closing level ever, and a rise of $6 an ounce from Friday. After opening at $302½-303¼, the metal rose on good demand as the market continued to show disappointment over President Carter's latest energy measures. At one point it touched an all-time high of $3/5, but trading in New York was generally quiet.

	July 23	July 20
Gold Bullion (fine ounce)		
Close	$304¼-305 (£132.2-132.5)	$298¾-299 (£131.2-131.5)
Opening	$302½-303¼ (£131.9-132.3)	$299-299¾ (£130.9-131.2)
Morning fixing	$303.50 (£132.634)	$298.50 (£130.349)
Afternoon fixing	$304.90 (£132.393)	$298.75 (£131.031)
Gold Coins, domestically		
Krugerrand	$313¾-315⅝ (£136½-137½)	$307½-309½ (£135½-136½)
New Sovereigns	$79-81 (£34¼-35¼)	$77¼-79¼ (£34-35)
Old Sovereigns	$99¾-101¾ (£43¼-44¼)	$104¼-106¼ (£45¾-46¾)
Gold Coins, internationally		
Krugerrand	$313¾-315⅝ (£136½-137½)	$307½-309½ (£135½-136½)
New Sovereigns	$79-81 (£34¼-35¼)	$77¼-79¼ (£34-35)
Old Sovereigns	$99¾-101¾ (£43¼-44¼)	$104¼-106¼ (£45¾-46¾)
$20 Eagles	$425-430	$419½-422½
$10 Eagles	$241-246	$235-240
$5 Eagles	$181-186	$175-180

UK MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day-to-day credit was in short supply in the London money market yesterday, and the authorities gave a large amount of assistance by buying a moderate number of Treasury bills from the discount houses, and by lending a small amount, overnight at Bank of England Minimum Lending Rate of 14 per cent, to two or three houses.

Banks brought forward small run-down balances, there was a small net take-up of Treasury bills to finance, and the houses were also faced with a small rise in the note circulation, and the unwinding of a large purchase and resale agreement of eligible bank bills. On the other hand Government disbursements exceeded revenue payments to the Exchequer.

Discount Houses paid 13¾-13⅞ per cent for secured call loans in the early part, and closing balances were taken at 13½-14 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

July 23 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13⅝-30	—	—	—	14⅛	13½-14	—	—	—
2 days notice	—	—	13⅞-14¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅞-14⅛	14-14¼	—	14⅛	14⅛	13¾-13⅞	—	—	—
One month	14⅛-13⅞	13⅞-14⅛	13⅞-14¼	14¾-14⅜	14⅛	14⅛	13¾-13⅞	13⅞-15⅛	14⅛	14⅛
Two months	14⅛-13⅞	13⅞-14⅛	—	14⅛-14⅛	14⅛	—	13¾	13⅞-13¾	13⅞	14¼
Three months	13⅞-13⅞	13⅞-14⅛	13⅞-14	14-13¾	14⅛	14⅛	13⅝	13⅞-13⅞	13⅞	14⅛
Six months	13⅝-13¼	13⅞-13⅞	13⅛-14	12⅞-13⅛	13⅞	—	—	—	12⅝	14⅛
Nine months	12⅞-12⅝	12¾-13	—	13-13⅛	13¼	—	—	—	—	—
One year	12¼-12⅞	12⅞-12⅞	12⅝-12¾	12⅛-12⅛	13	—	—	—	—	—
Two years	—	—	12⅝-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-months bank bills 13⅝ per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13⅞-13⅝ per cent; two-months 13⅝ per cent; three-months 13⅝-13 21-64ths per cent. Approximate rates for one-month bank bills 13¾-14 per cent; two-months 13¾-13⅞ per cent; and three-month 13⅞-13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14⅛ per cent; and three-month 14 per cent.

Finance House Base Rate (published by the Finance Houses Association) 13 per cent from July 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.3583 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.875-11.0625
Treasury Bills (13-wk.)	9.42
Treasury Bills (26-wk.)	9.42

GERMANY

Discount Rate	5
Overnight Rate	6.20
One month	6.30
Three months	6.80
Six months	7.10

FRANCE

Discount Rate	9.5
Overnight Rate	9.5
One month	9.6875
Three months	9.9375
Six months	10.4375

JAPAN

Discount Rate	5.25
Call (Unconditional)	6
Bills Discount (3-mth.)	6.875

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on July 23, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

Place	Local unit	Value of £ sterling
Afghanistan	Afghani	95.00
Albania	Lek	10.178
Algeria	Dinar	8.8691
Andorra	French Franc / Spanish Peseta	9.715 / 151.95
Angola	Kwanza	64.475
Antigua (S)	E. Caribbean $	6.2198
Argentina	Ar. Peso Free Rate	3,102
Australia (S)	Australian $	2.0315
Austria	Schilling	30.625
Azores	Portug. Escudo	111.20
Bahamas (S)	Ba. Dollar	2.3015
Bangladesh (S)	Taka	32.90 (sg)
Bahrain (S)	Dinar	0.872
Balearic Isles	Spa. Peseta	151.95
Barbados (S)	Barbados $††	4.605
Belgium	B. Franc	(cm) 66.60 / (fn) 69.90
Belize	B $	4.603
Benin	C.F.A. Franc	485¾
Bermuda (S)	Bda $	2.3015
Bhutan	Indian Rupee	17.93 (sg)
Bolivia	Bolivian Peso	46.03
Botswana (S)	Pula	1.906
Brazil	Cruzeiro ‡‡	59.87
Brit. Virgin Isles (S)	U.S. $	2.3015
Brunei (S)	Brunei $	4.925
Bulgaria	Lev	1.7930
Burma	Kyat	15.482
Burundi	Burundi Franc	201.12
Cameroon Republic	C.F.A. Franc	485¾
Canada	Canadian $	2.6750
Canary Islands	Spanish Peseta	151.95
Cape Verde Isle	Cape V. Escudo	84.028
Cayman Islands (S)	Cay. Is. $	1.9179
Cent. Af. Empire	C.F.A. Franc	485¾
Chad	C.F.A. Franc	485¾
Chile	C. Peso	(Bk) 89.50
China	Renminbi Yuan	3.5090
Colombia	C. Peso	(F) 97.97
Comoro Islands	C.F.A. Franc	485¾
Congo (Braz'aville)	C.F.A. Franc	485¾
Costa Rica	Colon	19.793
Cuba	Cuban Peso	1.5188
Cyprus (S)	Cyprus £	0.7880
Czechoslovakia	Koruna	(com) 11.25 / n/c 99.50 / (T) 18.90
Denmark	Danish Krone	11.96
Djibouti	Fr.	380.0
Dominica (S)	E. Caribbean $	6.2198
Dominican Repub.	Dominican Peso	2.3015
Ecuador	Sucre	(O) 57.10 / (F) 64.31
Egypt	Egyptian £	(U) 1.560
Equatorial Guinea	Peseta	151.95
Ethiopia	Ethiopian Birr	(P) 4.7695
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.96
Fiji Islands	Fiji $	1.8715
Finland	Markka	8.785
France	French Franc	9.715
French C'tyin Af	C.F.A. Franc	485¾
French Guiana	Local Franc	9.715
French Pacific Is.	C.F.P. Franc	176.64
Gabon	C.F.A. Franc	485¾
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.17
Germany (West)	Deutsche Mark	4.17
Ghana (S)	Cedi	6.39 (sg)
Gibraltar (S)	Gibraltar £	1.0
Gilbert Islands	Australian $	2.0315
Greece	Drachma	83.242
Greenland	Danish Kroner	11.96
Grenada (S)	E. Caribbean $	6.2198
Guadaloupe	Local Franc	9.715
Guam	U.S. $	2.3015
Guatemala	Quetzal	2.3015
Guinea Republic	Syli	43.312
Guinea Bissau	Peso	77.202
Guyana (S)	Guyanese $	5.8686
Haiti	Gourde	11.51
Honduras Repub.	Lempira	4.61
Hong Kong (S)	H.K. $	11.915
Hungary	Forint	(com) 77.30 / (T)(nc) 44.17
Iceland (S)	I. Krona	802.79
India (S)	Ind. Rupee	17.93 (sg)
Indonesia	Rupiah	1,438
Iran	Rial	169.97
Iraq	Iraq Dinar	0.6794
Irish Republic (k)	Irish £	1.0995
Israel	Israel £	59.3311
Italy	Lira	1,876
Ivory Coast	C.F.A. Franc	485¾
Jamaica (S)	Jamaica Dollar	4.1047
Japan	Yen	496.5
Jordan (S)	Jordan Dinar	0.676
Kampuchea	Riel	2761.8
Kenya (S)	Kenya Shilling	16.795
Korea (Nth)	Won	1.94(f)
Korea (Sth)	Won	1105.56
Kuwait (Sth)	Kuwait Dinar	0.630
Laos	Kip Pot Po	920.6
Lebanon	Lebanese £	7.422
Lesotho	S. African Rand	1.9260
Liberia	Liberian $	2.3015
Libya	Libyan Dinar	0.6813
Liechtenstein	Swiss Franc	3.755
Luxembourg	Lux Franc	66.60
Macao	Pataca	12.28
Madeira	Portug'se Escudo	111.20
Malagasy Republic	MG Franc	485¾
Malawi (S)	Kwacha	1.818
Malaysia (S)	Ringgit	4.925
Maldive Islands (S)	Mal Rupee	9.045
Mali Republic	Mali Franc	971.5
Malta (S)	Maltese £	0.7980
Martinique	Local Franc	9.715
Mauritania	Ouguiya ‡	98.72
Mauritius (S)	M. Rupee	13.534
Mexico	Mexican Peso	52.43
Miquelon	C.F.A. Franc	485¾
Monaco	French Franc	9.715
Mongolia	Tugrik	(O) 6.950(f)
Monserrat	E. Caribbean $	6.2198
Morocco	Dirham	8.55 (sg)
Mozambique	Moz. Escudo	65.096
Nauru	Australian Dollar	2.0315
Nepal	Nepalese Rupee	27.618
Netherlands	Guilder	4.585
Netherland Antilles	Antillian Guilder	4.1197
New Hebrides	Franc / Aust. Dollar	157.01 / 2.0315
New Zealand (S)	N. Z. Dollar	2.2430
Nicaragua	Cordoba	29.50
Niger Republic	C. F. A. Franc	485¾
Nigeria (S)	Naira	1.261054 (sg)
Norway	Norway Krone	11.55
Oman Sul'ate of (S)	Rial Omani	0.795
Pakistan	Pakistan Rupee	22.74
Panama	Balboa	2.3015
Papua N. Guinea (S)	Kina	1.6165
Paraguay	Guarani	288.41
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A) 0.786
Peru	Sol	exc(A) 517.38
Philippines	Philippine Peso	16.80
Pitcairn Islands (S)	£ Sterling / New Zealand $	— / 2.4500
Poland	Zloty	(Cm) 68.38 / (T) 63.38
Portugal	Portugu'se Escudo	111.20
Port Timor	Timor Escudo	111.20
Principe Islands	Portugu'se Escudo	111.20
Puerto Rico	U.S. $	2.3015
Qatar (S)	Qatar Ryal	8.59
Reunion Ile de la	French Franc	9.525
Rhodesia	Rhodesian $	1.595
Romania	Leu	(Cm) 9.97 / (c/c) T26.77
Rwanda	Rwanda Franc	203.27
St. Christopher (S)	E. Caribbean $	6.2198
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.2198
St. Pierre	C.F.A. Franc	485¾
St. Vincent (S)	E. Caribbean $	6.2198
Salvador El	Colon	5.740
Samoa American	U.S. $	2.3015
San Marino	Italian Lira	1,876
Sao Tome	Portugese Escudo	111.20
Saudi Arabia	Ryal	7.70
Senegal	C.F.A. Franc	485¾
Seychelles	S. Rupee	13.55
Sierra Leone (S)	Leone	2.3491
Singapore (S)	Singapore $	4.925
Solomon Islands (S)	Solomon Is. $	20.45
Somali Republic	Somali Shilling	(A) 13.864
South Africa (S)	Rand	1.9260
South West African Territories (S)	S. A. Rand	1.9260
Spain	Peseta	151.95
Spanish ports in North Africa	Peseta	151.95
Sri Lanka (S)	S. L. Rupee	35.45
Sudan Republic	Sudan £	(A) 0.8016
Surinam	S. Guilder	4.1197
Swaziland (S)	Lilangeni	1.9260
Sweden	S. Krona	9.66
Switzerland	Swiss Franc	3.755
Syria	Syria £	(A) 9.056
Taiwan	New Taiwan	(F) 82.864
Tanzania (S)	Tan. Shilling	18.60
Thailand	Baht	46.0
Togo Republic	C.F.A. Franc	485¾
Tonga Islands (S)	Pa'anga	2.0455
Trinidad (S)	Trinidad & Tob. $	5.5836
Tunisia	Tunisian Dinar	0.890 (sg)
Turkey	Turkish Lira	105.355
Turks & Caicos	U.S. $	2.3015
Tuvalu	Australian $	2.0315
Uganda (S)	Uganda Shilling	15.0 (sg)
United States	U.S. Dollar	2.3015
Uruguay	Uruguay Peso	(cm) 18.27 / (fn) 18.29
Utd. Arab Emirates	U.A.E. Dirham	8.71
U.S.S.R.	Rouble	1.4590
Upper Volta	C.F.A. Franc	485¾
Vatican	Italian Lira	1876
Venezuela	Bolivar	9.86
Vietnam	Dong	(O) 5.0173 / (T) 4.070(f)
Virgin Islands U.S.	U.S. Dollar	2.3015
Western Samoa (S)	Samoan Tala	20.216
Yemen	Ryal	10.38 (sg)
Yugoslavia	New Y Dinar	42.5257
Zaire Republic	Zaire	5.5897
Zambia	Kwacha	1.795

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 96.863. Based on gross rates against Russian rouble. ** Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados £ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of IMF.

THE JOBS COLUMN

The dangers of secretive 'second opinions'

BY MICHAEL DIXON

"LOOK AT these," the tycoon chief of a big industrialised group barked, handing me a blood-coloured folder.

Inside were about two dozen handwritten memoranda sent to the chief by people who were evidently working for him as senior managers. Their names had been blanked out carefully. Attached to each of the specimens of handwriting was a report from a graphologist in an overseas country, purporting to analyse the paticular manager's character."

"His analyses are very acute," the chief commented. "They usually square remarkably well with my own view."

I leafed through the handwriting analyst's reports on three or four of the nameless employees, before asking: "Do these people know that you have this done to them?"

The tycoon's only reply was a conspiratorial smile as he turned from his antique desk to lock away the folder in a grey steel cabinet. I suddenly felt cold. I still do so whenever I recall the incident.

Please do not think me naive enough to deny that the topmost managers need to form assessments of the capability of those below them. Like most managerial and specialist staff, I long ago learned to live with the fact that there is no way of preventing our words and actions from being continually interpreted, sometimes mistakenly, as added evidence of our value or otherwise to our employer.

There is no point in denying either that "second opinions" on subordinate staff can be valuable to the heads of organisations, who tend to be isolated in their eminence.

As Peter Drucker once said, the distance between the chief executive's job and those in the next tier down may often be "several light-years." And the separation makes it difficult for the topmost manager to determine which of a number of senior subordinates will make the best successor.

Even the clearest proof of ability in a second-tier post need not be confirmation of the ability to take the lead. But there can be no similar doubt about the importance of making a good choice, because a bad leader may well irrevocably damage a business before anyone can know, let alone do something, about it. So the concern among heads of organisations to have second opinions on the various internal candidates for the succession is understandable, and probably wise.

The fact that this concern offers a promising market, not only for graphologists, astrologers and such like, but also for an extension of the activities of recruitment consultants, has not been entirely missed by the head-hunting trade. For example, Brian Saltzer of West One Selection is already acting on the realisation that services set up to find suitable job-candidates on the external employment market, can readily be adapted to assessing internal contenders for promotion, and sold particularly to employers neither big nor bureaucratic enough to have their own "succession-planning" rituals.

'Flexible'

Like the external head-hunt, the internal sifting starts with a consultants' examination of the job to be filled. That done, the recruiters move straight to assessing the several employees considered by their boss to be potentially suitable filling material. If necessary, West One will proceed simply by interviewing each contender separately for about two hours apiece. But Mr. Saltzer evidently prefers to form his judgments mainly by observing over a day and a half or so the various candidates taking part all together in group explorations of managerial topics near and dear to the future of their business.

This group activity, he said, had the advantage of being "flexible." And if I divined his meaning correctly, the flexibility lies in the fact that, unlike the use of separate interviews, the collective exercise can be arranged so as to conceal that what is really going on is job-selection, by allowing the head-hunter to pose as a management consultant engaged to examine and report on the topics under discussion, rather than the people discusing them.

Mr. Saltzer emphasised that this camouflage would not be adopted unless the client specifically required it. But I expect that a large proportion of company chiefs would do so, and perhaps for a sensible reason.

The subordinate managers concerned could hardly have risen to where they were already without learning their boss's view of the qualities needed for leadership of a business. In many instances, no matter how they behave at all other times, when visible to the chief they may modify their behaviour in imitation of what they perceive as the favoured image. Indeed, it may be precisely this which has caused the boss to feel in need of a second opinion. And if the managers know that they are being assessed for the top job, they are likely to feed the same imitation to the person making the assessment, and so possibly destroy the main object of the exercise. I therefore accept Brian Saltzer's argument that the camouflage could well be an essential part of the consultant's responsibility to report on the reality of the contenders' behaviour as managers. But that does not remove my misgivings about such clandestine practices.

Since most candidates would not hesitate to be equally cunning, I am concerned less with ethical questions than with whether surreptitious assessments really work so as materially to improve the chances of making the right choice.

Here there seems to me little doubt that the practised eyes and ears of a recruitment consultant do offer a better source of advice than do graphologists, astrologers or other practitioners of the mantic arts. But it is not within the power of the consultant to ensure that the advice is wisely used.

That is entirely in the hands of the client. Is the boss really anxious to provide the head-hunter with all the information required to define the job that needs to be done? Is the client really willing to alter his or her own preformed judgments of everyday colleagues according to observations made by the external assessor?

In some instances the answers will be yes. But in most, I expect they will be otherwise. There is a noted tendency among occupationally lonely chief executives to seek second opinions not so much to challenge as to confirm their suspicion that, in judging people as in most other things, their own view was the right one all along.

Given that tendency, it will make no difference whether the external assessment is made by a consultant, a graphologist, an astrologer or the Delphic Oracle itself, because the client will read into the report only what he or she wanted it to say in the first place. And the results are no more likely to be propitious than disastrous, as history has shown.

Readers will remember how the chief of the Lacedaemonians, itching to conquer Tegea, sent to Delphi for a second opinion on his plan to invade. The oracle came up with a report whose key recommendations read:

I will give thee to dance in Tegea, with noisy foot-fall/And with the measuring line mete out the glorious campaign.

"Right. Just as I thought," said the Lacedaemonian boss. "Let's go, chaps!"

And soon he and his colleagues were labouring as slaves on the Tegean Plain, stepping lively to the whips of their captors and to the loud rhythm of the fetters around their ankles.

In the circumstances, the chief would surely have been better without a second opinion altogether. At least he might have remained doubtful enough about his decision to have safeguarded his line of retreat.

LEGAL APPOINTMENTS

هكذا من الأصل

£6,000 accountancy appointments £9,000

A UK based public group of companies is making several new appointments to strengthen its accounting function.

1. FINANCIAL CONTROLLER—LIVERPOOL

TO £8,500 p.a. + COMPANY CAR

This appointment is in a soundly based, profitable and expanding division with £3m turnover, supplying the printing industry with specialist products. The successful candidate will report to the Executive Director of the division and will start by organising the decentralisation of accounting from the parent company. You will then be responsible for the monthly financial accounting and management information, and take an active role within the management team of the division. The ideal candidate will be a qualified accountant aged 28-35, will have experience in a computer environment and will demonstrate their ability to maintain accurate and well controlled financial records.

2. INTERNAL AUDITOR—S.W. LONDON

TO £7,500 p.a. + COMPANY CAR

This appointment is in a division which has a £25m turnover in merchanting via branches throughout the UK. You will report to the Financial Director and will be closely involved in systems and procedures at branch locations, particularly those relating to inventory control. The ideal candidate will be a qualified accountant aged 28-35 who will commence by familiarising fully with the company's procedures and products and can then make a large contribution by ensuring that controls are properly established at all locations.

3. FINANCIAL ACCOUNTING ASSISTANTS—S.W. LONDON

TO £7,000 p.a.

These appointments are in the head office of the merchanting division with £25m turnover via branches throughout the UK. They will be involved in control of the nominal ledger records which are operated via a service bureau. This involves input of all entries to the ledger and control of output including all reconciliations. Candidates should be newly qualified accountants or finalist standard who wish to make a career in industry.

Benefits with this group are exceptional and include pension, accident and sickness benefit schemes. For an application form or further details please contact one of our consultants who will be pleased to help you.

allan cameron associates ltd
International Management Recruitment Consultants
Manfield House, 376-379 Strand, London WC2R OLR
01-836 4214

Early responsibility + outstanding prospects

GROUP FINANCIAL ACCOUNTANT

c. £7750

We are a major manufacturing group, with an annual turnover in excess of £100 million and we are looking for an ambitious, young accountant, probably chartered, to join the financial team at Group Head Office.

By a vigorous programme of growth and diversification, we are building on our established reputation as a leading manufacturer of glass containers to become a major international packaging systems company. We can, therefore, offer a challenging job with good rewards and excellent career prospects.

You will be in charge of the total accounting function for the parent company, and also the consolidation of monthly management accounts and statutory accounts for the group.

The position provides an ideal starting point for a varied and interesting career in industry. The post will be based at Windsor and in addition to the salary of around £7750 there will be an attractive package of benefits.

Please send career outline to: Tony Child, Organisation Development Manager, Rockware Group Ltd., Rockware House, 13/21 Victoria Street, Windsor, Berks. SL4 1HG.

ROCKWARE

GROUP ACCOUNTANT

Construction Industry South Wales

£10,000 p.a. + Car + Benefits

One of South Wales leading building contractors, with a turnover in excess of £10m including overseas interests, has a position for a Group Accountant.

The position calls for a qualified Chartered Accountant aged 28-35, with Industrial/Commercial experience having previously been responsible for supervision of accounting staff.

The person appointed will be responsible to the Managing Director for all Financial and Accounting aspects of the Group including Budgetry Control, Management Accounts, Cash Flows and Annual Accounts, etc.

It is envisaged that the position would lead to a Board appointment with equity participation.

In addition to salary quoted the successful applicant would receive the benefit of a company car, pension and health schemes and an annual bonus based on the company's profitability.

Please apply in writing with full curriculum vitae to:

Box A.6846, Financial Times,
10, Cannon Street, EC4P 4BY.

CITY UNIVERSITY
BUSINESS SCHOOL

RESEARCH FELLOW

Applications are invited for a Research Fellowship sponsored by the British Insurance Association. The post will entail a joint study with Dr. G. M. Dickinson on capital management and solvency in the insurance industry. The successful applicant is likely to be in his/her early 20's, have a first or upper second class honours degree in Economics Actuarial Science or Mathematical Statistics and be interested in reading for a Ph.D. Knowledge of the insurance industry is *not* essential.

The post is tenable from 1st October 1979 for 3 years in the first insttance. Initial salary will be on the scale £4,333—£6,066 *per annum* plus London Allowance.

Applicants interested in the above post should contact Dr. G. M. Dickinson, 01-253 4399, ext. 399, at the City University Business School, Gresham College, Basinghall Street, London EC2V 5AH, by July 27th.

BRITISH ENKALON LIMITED

INVITE APPLICATIONS FOR THE POST OF

PENSION FUND MANAGER

The fund, which is self-administered, has currently some 3,000 members in the UK, and is contracted out of the state pension scheme. A computerised record system is in operation.

The selected applicant will be involved in all aspects of pension fund and employee benefit administration, including secretarial service/advice to the trustees on investment policy and specific investments, the implementation of the trustees' investment policy and the utilisation of external professional services. Additionally the pension fund manager is required to communicate regularly with individual members and groups of recognised representatives.

This post is based at the company's main establishment at Antrim, Northern Ireland, and assistance with housing and removal expenses is available.

Candidates, male or female, should possess the personal qualities required for this position, together with extensive relevant experience and a comprehensive knowledge of current pensions legislation. An appropriate professional qualification would be an advantage.

The post carries an attractive salary and an excellent range of benefits.

Applications, by letter only, should be addressed in confidence to:

The Chief Executive
British Enkalon Limited
Randalstown Road
Antrim BT41 4LJ
Northern Ireland

A meme to school-leavers

ARE YOU KEEN TO BE A JOURNALIST?

Are you interested in learning the craft of news journalism? Trainees must be ready to learn how to interview people about community affairs and to cover courts, councils and public events of all kinds, developing also a reporter's news sense. For the NCTJ Newspaper Journalism one year full-time course starting this September, apply without delay to the National Council for the Training of Journalists, 1979, High Street, Epping, Essex CM16 4BG. If you will be under 20 on September 1st and may have two 'A' levels by then. The course should be followed by 2¼ years indenture to a provincial newspaper for job-experience completion of training.

ACCOUNTANT

BERMUDA

Ref. 41457

Major Insurance Group requires a Chartered Accountant for their Bermuda office. Excellent conditions of service. Age group 25 to 35. Salary $19,500 per annum.

Please telephone in confidence

Trevor M. James
I.P.S. GROUP
(Employment Consultants)
01-481 8111

ASSISTANT ACCOUNTANT

Circa £7,000+

Due to promotion an opportunity for an Assistant Accountant has arisen in this well-known company. Co-ordinating with other departments you will be responsible for management information and appraisals of profitability of company operations together with the day-to-day running of the department. The successful applicant will probably have professional qualifications and some commercial experience.

Please telephone in confidence:

Cathie French,
Drake Personnel (Consultants),
25 Victoria Street, London SW1.
Telephone: 01-222 0284

Financial Controller

International Sales

up to £9,000+car & fringes
West of London

For a profitable and successful multinational with worldwide sales exceeding £350m. The Financial Controller will assist the Director responsible for Southern Europe, Africa and the Middle East by establishing, implementing and monitoring financial procedures and will also participate in business planning. A qualified accountant is required with some experience of international sales operations. A knowledge of French or Greek would be useful. This appointment could lead to wider responsibilities. Preferred age 28-35. Ref 160.
Please write in confidence or telephone 01-499 2215.

Philip Egerton & Associates
Selection Consultants
178/179 Piccadilly, London W1V 0QP

London Borough of Camden

Finance Department

SENIOR ACCOUNTANCY ASSISTANT

Salary (under review) £5,733-£6,069 p.a. (inclusive)

This is the number 2 post in the Loans and Investments Section of the Accountancy Division (staff of 6). The Section manages a loan debt approaching £400m as well as a substantial investment portfolio.
Will be directly responsible for the management of the Local Loans Scheme (some expansion is expected) and to become involved in both aspects of the sections duties, including temporary borrowing.
Must be capable of working under pressure in a busy section. Previous loans experience would be a definite advantage although applicants with Accounting Technicians Qualification (or equivalent) wishing to gain experience in the loans field will also be considered.

For application form please telephone our 24-hour recruitment answering service 01-837-9988 or send postcard to the Chief Executive, London Borough of Camden, Town Hall, Euston Road, London NW1 2RU, stating post and reference number 2/19FT.

camden – an equal opportunity employer

Applicants are considered on the basis of their suitability for the post regardless of sex, race and marital status. The Council also welcomes applications from disabled persons with the necessary attributes.

BUDGET ACCOUNTANT

Our client, a major international company located in Central London, is seeking a newly-qualified Chartered Accountant for their 'Central Finance Division' where successful performance will lead to advancement either within the division or with a subsidiary company. The financial package includes an annual bonus and the successful candidate can expect initial earnings to be in excess of £8,500. Interested? Then please contact:

Michael Hoyle, The Appointments Service,
Institute of Chartered Accountants in England & Wales,
P.O. Box 433, Moorgate Place, London EC2P 2BJ.

MONEY MARKET ANALYST

UP TO £12,000

Perhaps the most competitive commodity brokerage house in the world, unquestionably the fastest growing, offers an unprecedented opportunity to an experienced and talented money market analyst. Likely candidates would have extensive knowledge of U.S. Treasury bills, Euro bonds, etc., and the capacity to augment in-house and client services in the dissemination of market trends and investment recommendations. In the first instance, please contact Roger Bayley or Gino Ricen on 828 8055.

CHURCHILL PERSONNEL
01-828 8055

Senior Accountants

It's a very rewarding field.

As a member of the Professional Accountant Group of the Ministry of Agriculture, Fisheries and Food you stand to acquire a broad range of valuable accounting experience within this key area of the nation's economy. The Group's work includes advising on a wide range of accounting and financial matters, financial reviews of organisations (such as Marketing Boards) operating on behalf of the Ministry, appraisal of private-sector requests for grants and guarantees (this may involve visiting the organisation or the person asking for help); design, installation and operation of costing systems within the Ministry; the preparation of memorandum trading accounts; and undertaking costing investigations.

Diversity of this nature calls for a genuinely creative approach to accounting problems and the complex nature of the work means that "text-book" solutions often just don't apply. In dealing with an exceptionally wide range of external organisations, including international bodies such as the EEC, you will need an up-to-the-minute awareness of current accounting standards and trends.

Current vacancies are concerned with audit work (recent relevant experience highly desirable) and financial appraisals (experience in a professional office and in an industrial or commercial organisation advantageous).

For more information on the work ring: F. W. Martin on 01-213 5532.

These posts have been exempted from the Government's ban on recruitment.

Applicants (aged at least 27) must be Chartered, Certified, Cost and Management, or Public Finance Accountants or be eligible for admission.

Starting salary, for these central London posts, within the range £7,290-£8,540; to become £7,870-£9,420 from 1 January 1980. Promotion prospects in Government Service to £11,750 and above. Appointments are pensionable and can be permanent, for a fixed period, or (in appropriate cases) on secondment terms.

For full details and an application form (to be returned by 10 August 1979) write to Civil Service Commission, Alencon Link, Basingstoke, Hants. RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours).
Please quote G(2)590/13.

Financial Controller

Home Counties **Up to c.£9,000+2 litre Car**

One of the UK's largest food wholesaling organisations, Kearley and Tonge/Alliance, operates cash and carry outlets and a direct distribution network throughout the country.

As a result of the recent integration of the Alliance Group into Kearley and Tonge (part of the British American Tobacco Organisation) a new role has been created of Financial Controller. He, or she, will report to the Financial Director and, in essence, formulate and implement our entire integrated management information and control system. In addition to this basic brief, the Controller will have a wide-ranging involvement in many other finance-related activities.

The broad scope of this key position demands a high degree of professionalism backed by a full qualification in Accountancy and at least three years' subsequent experience in a large scale commercial or industrial organisation. The personal qualities we seek include analytical, communication and leadership skills. Travel in the UK will be involved.

The successful candidate will be offered the opportunity to relocate to a most attractive area of the Home Counties, if not already resident within an acceptable distance. (The M1 and A41 are both very close to our offices).

In addition to the salary, up to £9000 according to applicant's qualifications and experience, benefits include a 2 litre Company car, pension and life assurance schemes, and a pleasant and modern working environment.

Please send a detailed CV or contact Mr. Lorren Wyatt, for an application form, Selection and Development Manager, Kearley and Tonge Limited, Buckingham House, Buckingham Parade, Stanmore, Middlesex HA7 4EE.

Kearley & Tonge Limited

K&T

Financial Analyst

London W1 **c.£8000**

Following the promotion of the previous holder, a vacancy has arisen for the position of Financial Analyst in the Finance Department of the National Freight Corporation, the largest freight business in the United Kingdom, embracing some 60 companies.

Reporting to the Financial Planning and Control Manager, the successful candidate will deal with a wide range of financial matters, including preparing reports for top management on company results, assessing company budgets and capital projects, operating a computerised cash-flow control and forecasting system, and analysing varied financial topics covering the Corporation as a whole.

Applicants, male or female, should be qualified accountants possessing a considerable degree of initiative and a sound knowledge of management accounting and analysis techniques. The post offers a good career development opportunity to an applicant in the preferred age range late twenties to early thirties.

Commencing salary according to qualifications and experience. A good range of employee benefits is offered together with the opportunity of working in an attractive environment close to Regents Park.

Please write or telephone for an application form to: Employment Relations Department, National Freight Corporation, 215 Great Portland Street, London W1N 6BD.
Telephone: 01-636 8688
ext. 407 or 414.

NFC

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 17th July, 1979

Job Title	Salary	Location	Advertiser
Manufacturing and Capital Accounting Manager	£8,500	Greenford	Lyons Tetley
Newly Qualified ACA/ACCA	up to £7,000	City	Planned Savings (Holdings) Ltd.
Financial Accountant	£7,800	Sussex	British Caledonian Airways
Company Accountant/Secretary	£6,500	Central Croydon	Holiday Villas
Change from Audit	£7,500+	London	Ingram Recruitment 01-452 2242
Management Accountant	£6,500+car	N.W. London	
Senior Internal Auditor	£8,500+car	S.W.1.	Dunlop & Badenoch
Chief Accountant	—	Kent	W. & J. Glossop Ltd.

For the full text of the advertisement please see the F.T. of that date or telephone Sally Stanley on 01-248 5597

Early Wall St. decline on economic worries

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—21¼% (21¼%)
Effective $2.3015 7¼% (6¼%)

WORRIES ABOUT interest rates and the economy in general and uncertainties about the shake-up in the Carter Administration caused a reactionary trend on Wall Street yesterday morning in moderate activity.

The Dow Jones Industrial Average receded 5.54 to 822.53 at 1 pm, while the NYSE All Common Index declined 30 cents to $57.59 and falls outnumbered gains by about a two-to-one margin. Turnover slowed to 17.20m shares from last Friday's 1 pm level of 19.28m.

Closing prices and market reports were not available for this edition.

First National Bank of Chicago raised its Prime Rate to 11¾ per cent from 11½ per cent. Analysts said investors fear this move will be followed quickly by a number of other banks.

One analyst also said investors are concerned that the Federal Reserve might further tighten credit to support the dollar.

They are anxiously awaiting announcement of who will succeed G. William Miller as head of the Federal Reserve Board.

UV Industries, however, rose 3¼ to $27. It has agreed to sell its oil and gas properties to Tenneco Oil subsidiary for about $135m. Tenneco eased ⅜ to $35¼.

Exxon were unchanged at $51¼ despite reporting higher second-quarter net profits. Standard Oil (Indiana) shed ¼. Its second-quarter earnings were also higher.

After all three reported increased second-quarter earnings, Armco were unchanged at $21¾ and Amax also unaltered at $38¼, while National Steel eased ¼ to $31¼.

Singer lost ⅜ to $13¼, following lower second-quarter earnings.

Bally Manufacturing gained $2 to $43, but Amerada Hess lost 1¼ to $42¼.

THE AMERICAN S.E. Market Value Index shed 0.39 to 194.98 at 1 pm on volume of 1.83m shares (1.96m).

Resorts International "A," the most active Amex issue, advanced 1¾ to $49¼. The second most active stock was Dynaelectron, which hardened ⅛ to $11⅞. McCulloch Oil contrasted with a decline of ⅛ to $6.

Canada

Reflecting the Bank of Canada's increase in the Bank Rate to a record 11¾ per cent from 11¼ per cent, Canadian shares sustained a widespread reaction in fairly active early dealings yesterday.

The Toronto Composite Index recorded a fall of 12.2 at 1,545.3 at mid-day, while the Oils and Gas sub-group retreated 28.6 to 2,628.5 on index. Metals and Minerals declined 10.2 to 1,292.6, but the Gold share index, reflecting a record high London Bullion price, rose 15.3 to 1,874.3 against the trend.

In Montreal, Papers lost 2.56 to 172.78, Utilities 0.86 to 226.96 and Banks 0.57 to 320.65.

Among Oil issues, Dome Petroleum, active on 56,229 shares in Toronto, shed ¼ to C$44⅞, while Ceseka Resources were similarly lower at C$8¼. Despite higher earnings, Imperial Oil "A" lost ¼ to C$34¼.

In the Golds sector, Dome Mines gained ⅜ to C$45¼ and Dickenson Mines ⅛ to C$8⅞.

Among Papers, Macmillan Bloedel lost 1⅛ to C$27 and Abitibi ¼ to C$18⅞.

Tokyo

Share prices closed on a mixed note after light trading, with measures easing margin trading controls counteracted by a 1 per cent rise in Bank of Japan's Official Discount Rate.

The Nikkei-Dow Jones Average hardened 0.51 to 6,180.41, but declines on the First Market section outnumbered rises by 324 to 193.

Export-orientated issues and Pharmaceuticals scored gains on meeting "cheap" buying, while Vehicles were also spurred on by good earnings prospects, but Trading Houses retreated following the Bank Rate rise news.

Recently selected Oils and Mineral Resources stocks also lost ground, mainly on selling by major investment trusts.

Sony climbed Y40 to Y1,870, Matsushita Communication Y40 to Y1,740, Matsushita Electric Y13 to Y639, Canon Y6 to Y516, Pioneer Electronic Y30 to Y1,780, Honda Motors Y6 to Y528 and Toyota Motor Y5 to Y845. In contrast, C. Itoh fell Y14 to Y398 and Mitsui Y9 to Y337.

Hong Kong

Stocks moved further ahead in active trading, with the Hang Seng index rising 19.99 to a new high for the year of 598.45.

Property and Blue Chip shares led the advance, with buying interest being almost exclusively local and evenly balanced between institutions and small investors.

Dealers said the bullish market has come on the back of *Financial Secretary Philip* Haddon-Cave's remarks last week that the Hong Kong dollar would recover along with the local economy. However, although they expected stocks to remain firm for most of this week, they commented that the market was overheated against the current background of a poor economy and falling currency.

Also aiding shares was a quiet gold market, where there was less arbitrage activity and investors were switching to securities.

Hong Kong Bank rose 30 cents to HK$13.60, Hong Kong Land 65 cents to HK$8.45, Swire Pacific "A" 30 cents to HK$8.45 and Hutchison Whampoa 15 cents to HK$5.25.

Germany

With recent foreign buying much less in evidence yesterday, shares generally turned easier in slack trading, bringing the Commerzbank index back 1.4 to 75.6.

Engineering shares, however, firmed against the trend, with GHH gaining DM 1.70 and MAN DM 1.00.

Steels and Chemicals, both mixed for the day, underwent changes ranging between a gain of DM 2.50 for Rhuetgerswerke and a loss of DM 2.00 for Schering.

Motors suffered the greatest losses for any sector, with BMW losing DM 3.60 and Daimler-Benz DM 2.50.

Electricals, Banks, Utilities and Stores were broadly lower, although losses rarely exceeded DM 1.50. Exceptions included VEW, down DM 2.00, and Karstadt, off DM 3.00.

Commerzbank lost DM 1.90 after announcing that earnings on interest grew at a smaller rate than the year-ago period.

On the Domestic Bond market, Public Authority *Loans* were on offer and eased up to 45 pfennigs. The Bundesbank bought DM 300,000 of paper in open-market operations after selling DM 5.2m Friday. Mark-denominated Foreign Loans were steady.

Paris

Share prices displayed an easier tendency in quiet trading dominated by end of the trading month liquidations. The raising of the Call Money rate from 9.25 to 9.5 per cent was also an adverse influence.

Oils and Hotels were mainly higher in contrast to the general trend. Constructions, Electricals and Chemicals were mixed, while shares in other sections were mostly weaker.

La Redoute shed FFr 5 to FFr 445 after its financial director Francis Petit said that company net profit is expected to rise 5 to 10 per cent this financial year.

Leading the declining issues was Institut Merieux, which fell 15 per cent to FFr572. The shares had been affected by speculative buying in recent weeks on rumours of a possible *take-over bid.*

Also substantially lower at the closing bell were UCB, Saint-Louis, Ciments Français, Michelin, Alspi, Prenatal, Radiotechnique, Creusot-Loire, Generale des Eaux and Majorette.

Australia

Activity was at a low ebb yesterday and shares closed on a mixed note with price movements mainly limited to a few cents either way.

However, Uraniums had Queensland Mines 25 cents higher at A$4.25 and Peko-Wallsend 12 cents stronger at A$5.50.

Elsewhere in Minings, Western Mining contrasted with a decline of 8 cents to A$2.40, while CRA slipped 3 cents to A$3.32.

The Aluminium concern Comalco, after last week's good rise, added 3 cents at A$3.75.

Another bright spot was Sydney-based Retailers Waltons, which advanced 5 cents to 82 cents on news that an offer of A$1.00 per share had been made *for the 17.1 per cent of stock* held by the Waltons employees nominee company.

Thomas Nationwide Transport put on 5 cents to A$1.37 and market leader BHP edged up 2 cents to A$9.22, but CSR shed 3 cents to A$3.58.

Johannesburg

Gold shares improved in fairly quiet trading in line with Bullion prices.

Mining Financials were quietly steady, but Platinums lost a few cents, following the downtrend in free market prices. Collieries were firmer where traded.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends *plus* tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◊ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time *of suspension. a Florins. b Schillings.* c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. *n Francs including Unilac div. p Nom.* q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since *increased.*

NEW YORK

Stock	July 20	July 19
[illegible]	[illegible]	[illegible]

CANADA

Stock	July 20	July 19
[illegible]	[illegible]	[illegible]

+ Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK —DOW JONES

[illegible]	[illegible]	[illegible]

STANDARD AND POORS

[illegible]	[illegible]	[illegible]

N.Y.S.E. ALL COMMON

[illegible]	[illegible]	[illegible]

MONTREAL

[illegible]	[illegible]	[illegible]

TORONTO Composite

[illegible]	[illegible]	[illegible]

JOHANNESBURG

[illegible]	[illegible]	[illegible]

Australia	[illegible]	[illegible]
Belgium	[illegible]	[illegible]
Denmark	[illegible]	[illegible]
France	[illegible]	[illegible]
Germany	[illegible]	[illegible]
Holland	[illegible]	[illegible]
Hong Kong	[illegible]	[illegible]
Italy	[illegible]	[illegible]
Japan	[illegible]	[illegible]
Singapore	[illegible]	[illegible]
Spain	[illegible]	[illegible]
Sweden	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]

FRIDAY'S ACTIVE STOCKS

[illegible]	[illegible]	[illegible]

GERMANY ◆

July 23	Price DM.	+ or −	Div. %	Yld. %
AEG	48.1	−1.4	—	—
Allianz Versich.	448.5	+0.5	31.2	3.5
BHF-BANK	191	−2	28.12	7.3
BMW	186.0	−3.5	28.12	7.6
BASF	135.3	−1.6	18.76	6.9
Bayer	128.8	−0.4	18.75	7.3
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

July 23	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	341		14	2.0
Canon	516	+6	12	1.2
Casio	690	+10	25	1.8
Chinon	300		20	3.3
Dai Nippon Print	535	−10	18	1.6
Fuji Photo	575	+1	15	1.3
Hitachi	233	[illegible]	12	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source Nikko Securities, Tokyo

AUSTRALIA

July 23	Aust. $	+ or −
[illegible]	[illegible]	[illegible]

STOCKHOLM

July 23	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

July 23	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

JOHANNESBURG

July 23	Rand	+ or −
[illegible]	[illegible]	[illegible]

AMSTERDAM

July 23	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRUSSELS/LUXEMBOURG

July 23	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ◊

July 23	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PARIS

July 23	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

July 23	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

July 23	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

July 23	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

July 23	Price Cruz	+ or −	Div.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SPAIN ♥

July 23	Per cent	+ or −
[illegible]	[illegible]	[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	April Vol.	April Last	Stock
ABN C	F.330	10	15	—	—	—	—	F.359
ABN C	F.350	—	—	12	5.50	—	—	
AKZ C	F.27.50	69	2	3	2.80	—	—	F.27.40
AKZ C	F.30	11	0.80	26	1.50	—	—	"
AKZ C	F.32.50	11	0.40	—	—	—	—	"
AKZ P	F.32.50	—	—	10	4.80	—	—	"
HO C	F.30	8	2.50	—	—	—	—	F.30.40
HO C	F.32.50	5	1	1	1.80	—	—	"
IBM C	$70	7	3	—	—	—	—	$69⅝
IBM C	$75	6	1⅛	5	2½	—	—	"
IBM C	$80	7	⅝	—	—	—	—	"
KLM C	F.110	10	2	3	4	—	—	F.102.50
KLM C	F.120	5	0.90	—	—	—	—	"
KLM C	F.100	—	—	10	7	—	—	"
NN C	F.100	—	—	5	13	—	—	F.110
NN C	F.110	6	4.10	5	4.90	—	—	"
NN C	F.115	2	2	—	—	—	—	"
PHI C	F.22.50	56	2.50	—	—	1	3.50	F.23.90
PHI C	F.25	201	1	11	1.50	10	2.30	"
PHI C	F.27.50	—	—	5	0.60	—	—	"
PHI P	F.27.50	—	—	4	3.50	—	—	"
RD C	F.135	2	14.80	—	—	—	—	F.146.30
RD C	F.140	2	9	2	10	—	—	"
RD C	F.145	20	5.60	2	8	—	—	"
RD C	F.150	144	4.10	46	5.90	—	—	"
RD C	F.160	59	1.50	66	2.70	—	—	"
RD P	F.135	50	1.10	—	—	—	—	"
RD P	F.140	4	2.80	—	—	—	—	"
RD P	F.145	3	4.50	1	5.10	—	—	"
RD P	F.160	15	17	—	—	—	—	
UNI C	F.130	8	3.50	2	4.70	—	—	F.129
UNI C	F.135	15	1.30	6	2	—	—	"
		Aug.		Nov.		Feb.		
BA C	$40	—	—	3	3⅛	—	—	$39¾
BA C	$45⅛	—	—	10	⅞	—	—	
SLY C	$70	—	—	3	10¾	—	—	$78½

TOTAL VOLUME IN CONTRACTS 978
C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hambros Bank	14 %
Allied Irish Banks Ltd.	14 %	■ Hill Samuel	§14 %
Amro Bank	14 %	C. Hoare & Co.	†14 %
American Express Bk.	14 %	Julian S. Hodge	15 %
A P Bank Ltd.	14 %	Hongkong & Shanghai	14 %
Henry Ansbacher	14 %	Industrial Bk. of Scot.	14½%
Associates Cap. Corp.	14 %	Keyser Ullmann	14 %
Banco de Bilbao	14 %	Knowsley & Co. Ltd.	15½%
Bank of Credit & Cmce.	14 %	Lloyds Bank	14 %
Bank of Cyprus	14 %	London Mercantile	14 %
Bank of N.S.W.	14 %	Edward Manson & Co.	15 %
Banque Belge Ltd.	14 %	Midland Bank	14 %
Banque du Rhone et de la Tamise S.A.	14½%	■ Samuel Montagu	14 %
Barclays Bank	14 %	■ Morgan Grenfell	14 %
Bremar Holdings Ltd.	15 %	National Westminster	14 %
Brit. Bank of Mid. East	14 %	Norwich General Trust	14 %
■ Brown Shipley	14 %	P. S. Refson & Co.	14 %
Canada Perm't Trust	14 %	Rossminster	14 %
Cayzer Ltd.	14 %	Ryl. Bk. Canada (Ldn.)	14 %
Cedar Holdings	14 %	Schlesinger Limited	14 %
■ Charterhouse Japhet	14 %	E. S. Schwab	15 %
Choulartons	14 %	Security Trust Co. Ltd.	15 %
C. E. Coates	14 %	Shenley Trust	16 %
Consolidated Credits	14 %	Standard Chartered	14 %
Co-operative Bank	*14 %	Trade Dev. Bank	14 %
Corinthian Secs.	14 %	Trustee Savings Bank	14 %
Credit Lyonnais	14 %	Twentieth Century Bk.	15 %
The Cyprus Popular Bk.	14 %	United Bank of Kuwait	14 %
Duncan Lawrie	14 %	Whiteaway Laidlaw	14½%
Eagil Trust	14 %	Williams & Glyn's	14 %
English Transcont.	14 %	Yorkshire Bank	14 %
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
■ Antony Gibbs	14 %		
Greyhound Guaranty	14 %		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

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Tin pact rise disappoints

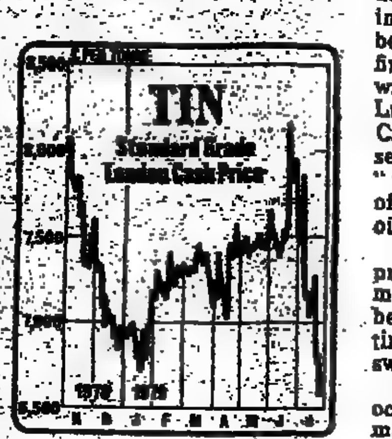
BY JOHN EDWARDS, COMMODITIES EDITOR

DISAPPOINTMENT at the rise in the International Tin Agreement "floor" and "ceiling" price range, negotiated at the Tin Council meeting last week, resulted in a sharp fall in tin prices on the London Metal Exchange yesterday.

The downward trend, triggered off by a decline in the Penang market over the weekend, was accelerated by a rise, bigger than expected, of 405 tonnes in tin stocks held in London Metal Exchange warehouses. This raised total warehouse tin stocks to 3,480 tonnes and relieved the shortage of supplies which pushed cash tin to over £8,350 in June.

Yesterday cash tin, after falling by over £500 last week, lost a further £230 to close at £6,565 a tonne, the lowest level since August. The cash price is, for the first time since April last year, below the three months quotation which fell by £177.5 to £6,587.5.

The continuation of the Tin Council talks last week until Friday evening followed serious disagreement between producers and consumers over the price range increase. The com-



promise finally reached was for an increase of M$150, raising the "floor" to M$1,500 a picul (133.3 lbs) and the "ceiling" to M$1,950. The producers had sought a rise in the range M$1,850 to M$2,400.

Although the producers undoubtedly asked for a bigger increase than they expected to be conceded by consumers, the final compromise was greeted with disappointment. In Kuala Lumpur, Chan Kok Leong, Chinese Mining Association secretary, claimed the new "floor" was still below the cost of production, inflated by the oil price increases.

The fall in the Straits tin price in Penang to M$1,930 means that the market is now below the "ceiling" price. Last time this happened prices swiftly rose to new highs.

But traders believe, on this occasion, the downward trend may be maintained.

The fall in demand, and rise in production, during the past year has eliminated the shortage of supplies and there are fears the U.S. Congress will shortly agree to proposals for the release of surplus tin from the U.S. strategic stockpile.

Copper and lead were much firmer yesterday, despite the further rise in value of sterling against the dollar.

Copper was boosted by a bigger than expected fall in warehouse stocks—down by 8,500 tonnes reducing total holdings to 179,300 tonnes. The market followed the upward trend in precious metals with gold at a new peak, and the spot price of silver being raised at the morning fixing by 10.3p to 417.3p an ounce.

The upward trend in lead was encouraged by reports of further buying by East European countries.

As expected, lead stocks fell by 225 to 22,575 tonnes; zinc holdings were 2,250 lower at 59,150 tonnes; aluminium 2,000 down at 18,475 tonnes, and LME silver holdings dropped by 200,000 to 17,910,000 oz.

However, nickel stocks rose by 1,710 to 4,104 tonnes.

Sudden fall in sugar market

By Our Commodities Staff

WORLD SUGAR prices fell heavily on the London futures market yesterday.

The London daily price for raw sugar was cut by £1 to £96.50 a tonne in the morning. But in the afternoon the market was hit by speculative selling, and the October position closed over £4 lower at £102.35.

Although some of the decline was attributed to the rise in the value of sterling, New York sugar prices also fell. The market was depressed by reports that Congress may not get round to considering the proposal for the U.S. to ratify the International Sugar Agreement before its August recess.

At the same time, speculative selling was further encouraged by charts apparently showing a "bearish" outlook. Cocoa futures were also hit by selling, based on "bearish" chart price forecasts and a general lack of consumer buying interest, as well as the rise in sterling.

The market suddenly dropped t he permissible limit down of £40 at one stage, before rallying slightly towards the close.

FISHING

German trawlermen seek EEC allies

BY A CORRESPONDENT

A POWERFUL new fishing lobby is emerging in Europe. Increasingly frustrated by the lack of decision on the EEC's common fisheries policy, West Germany's biggest freezer and factory trawler owners have begun exploratory discussions with owners in other Common Market countries which could lead to a concerted approach to the EEC Commission and the Council of Ministers.

Dr. Bruno Peschau, managing director of Germany's biggest deep sea trawling company, Nordsee, in which Unilever has the majority interest, revealed in Bremerhaven recently that German operators had already reached a "common understanding" with principals of three of the leading British companies.

Dr. Peschau is also president of the German Trawler Owners' Federation, but meetings are at present on a company to company basis.

The British and German interests have agreed to extend the dialogue to Dutch, Danish and French companies with similar large vessels designed to fish in distant waters.

The Germans are chiefly interested in securing "the market"—an adequate share of the EEC fish market which Dr. Peschau described as "the biggest market in the world."

"In the EEC there are 260m housewives, most of whom are prepared to pay for good quality fish," he has said.

For Germany, with its small coastline giving it a relatively small stake in the so-called European pond, much of the fish comes from North Atlantic grounds inside third country waters. Traditionally, such grounds have been the source of 90 per cent of Germany's deep sea catch and German trawlermen want to see the EEC Commission use the Community's power to retain, renew or gain access to such waters.

Their biggest concern is to retain a presence off Greenland, now their major North Atlantic ground, and they will seek the support of their EEC counterparts in persuading the Greenlanders to remain members of the Community.

They also see the prospect of increased opportunities in Canadian waters and a return to Icelandic waters for redfish, saithe, and pollack rather than the cod the Icelanders treasure so much.

The four companies which make up the German Trawler Owners' Federation see efficiency as their most persuasive argument.

That view is echoed by Hamburg lawyer Mr. Folkert Allen Marr, who acts as part-time secretary for the Federation of German Fishing Associations, a loose association of 14 different organisations representing the total fish industry.

He wants to see the German market hold its present consumption level—around 9.5 kilos per head per year, or around 600,000 tonnes landed weight for the 60m population.

By-product weight (filleted) that provided Germany with a 330-000-tonne market last year, dropped from 358,000-tonnes in 1976 and comprised 51,000-tonnes of fresh fish, 20,000-tonnes of smoked fish 54,000-tonnes of de-frozen, and 205,000-tonnes of fish products, mostly canned.

The amount of further processing (smoking, canning and freezing) swings the social and economic balance in favour of the deep sea operators and the ports of Bremerhaven, Cuxhaven and, to a lesser-extent, Hamburg, where the trawlers are based and the bulk of the processing carried out. The trawler companies employ 5,300 people and a further 12,000 are engaged in processing and providing most of the supplies to the 2,300 in inland merchanting, 10,000 in direct retailing and 1,700 in fish restaurants.

The big companies can also claim considerable marketing success in other EEC countries. Mr. Gunter Fuchs, managing director of the North Sea group's industry division, can point to a third of total production leaving Germany for other EEC countries. This is particularly so with frozen products, not yet so popular in West Germany, of which as much as 80 per cent is exported.

U.S. may lift Soviet wheat limit

THE U.S. may raise the amount of wheat the USSR can buy during the fourth year of the countries' bilateral supply agreement, which begins on October 1.

U.S. Department of Agriculture officials told Reuters yesterday a decision on increasing the wheat limit could be taken soon.

Under the agreement the USSR can buy up to 8m tonnes of U.S. maize and wheat in the fourth year without consultation. Any further purchases would require talks between Government representatives.

But the U.S. expects to have some latitude on wheat supplies thanks to a bumper crop this year. And farm groups have urged the Administration to raise the limit on USSR wheat purchases now, rather than waiting until the talks begin in October.

This proposal was discussed by representatives from Government agencies at a meeting last Friday, but no decision was taken.

The agency representatives did agree, however, to oppose the establishment of a set-aside programme for wheat in 1980.

Downturn in coffee market

BY RICHARD MOONEY

COFFEE PRICES fell back sharply on the London futures market yesterday following reports that the weekend had passed without serious frost damage in Brazil.

The September quotation, which climbed to £1,970 as temperatures fell in Brazil's coffee-growing regions late last week, slipped to £1,784 a tonne at one time yesterday before closing at £1,819 a tonne, £52.5 below Friday's closing level.

The cold front which prompted last week's price upsurge did bring isolated frosts in southern areas of the state of *Minas Gerais on Saturday night.* But these were fairly light and were mostly in low-lying areas where little coffee is grown.

Some local sources warned, however, that the cold weather, which was accompanied by southerly winds, may have set back the crop's recovery from the frost which struck at the end of May.

Warmer temperatures were reported in the coffee areas yesterday but some traders said *conditions could become colder* later this week. The National Weather Department played down the frost danger, however. It said the only cold front it was aware of was relatively weak and was still some way to the south of the coffee plantations.

In Mexico City meanwhile, members of the "Bogota Group" of Latin American coffee producers said they had agreed to "institutionalise" the group on a permanent basis.

The organisation was formed last August to manage a $150m coffee price support fund. Sources attending the talks said the fund had since grown to more than $400m.

The Mexico meeting was called to discuss strategy following the recent fall in prices which the producers blamed on "speculative activity not related to the supply demand balance for coffee."

But prices have subsequently firmed and the producers said they found the world market situation "extremely favourable." They said there was a tight balance between supply and demand "allowing a level of prices to be maintained which does not affect consumption."

Delegates denied rumours that Sr. Ricardo Falla of El Salvador, *had resigned as director of the* fund.

● Indonesia will resume issuing new licences for the export of coffee this week, a Ministry of Trade and Co-operatives Spokesman said in Jakarta, reports Reuter.

The Ministry has completed an inventory of current stocks and will resume issuing licenses because prices have begun rising again.

Indonesia suspended coffee exports on July 5 because Government officials said they wanted to ensure sufficient supplies to meet growing domestic demand during the coming Moslem fasting month and related holidays.

Big rapeseed supply rise

WORLD SUPPLIES of rapeseed are expected to show big increases during the current season and in 1979-80, with oil and meal output also rising substantially, according to the Hamburg based weekly publication Oil World.

Total 1978-79 rapeseed supplies, including major carry-*over stocks from 1977-78,* are forecast to rise by 3.3m tonnes to 12.06m, with a further increase of 1.5m tonnes predicted for 1979-80.

Reuter

U.S. delays ban on cattle drug

WASHINGTON—The U.S. Government has postponed a ban on the use of the drug diethylstibestrol (DES) in livestock production although it has been shown to cause cancer in humans and animals.

The Food and drug Administration (FDA) said livestock producers may continue to use the drug until August 3 while it decides whether they should be allowed to use up all existing supplies.

The ban was to have become effectize on July 20, seven days after the ban on further manufacture of DES went into effect.

The synthetic hormone is used as a drug implant and in animal feed to speed weight grain in livestock and poultry.

An FDA spokesman said the Agency had received more than 80 petitions for the delay from livestock producers, feed manufacturers and farm groups.

Reuter

Malaysian rubber talks plea

BY OUR COMMODITIES STAFF

BRITAIN was urged to give up its candidacy of London as the headquarters of the planned International Natural Rubber Agreement secretariat in favour of Kuala Lumpur, according to Mr. Paul Leong, Malaysian Primary Industries Minister, reports Reuter.

Mr. Leong claimed Singapore had withdrawn its request to provide the headquarters for the proposed new agreement and several consuming countries *favoured Kuala Lumpur,*

Expressing disappointment that the negotiating conference in Geneva this month had failed to conclude the expected natural rubber pact, Mr. Leong blamed *the failure on certain consumer* countries going back on previous agreements of some fundamental elements in the main economic package.

But he hoped a new round of negotiations scheduled in September, in Geneva, would finalise the articles of agreement.

The Minister stressed that the International Natural Rubber Agreement was important because it represented the first breakthrough in the negotiations for new commodity agreements under the UN Conference on Trade and Development (Unctad) integrated programme for commodities.

Meanwhile, he said the Association of Natural Rubber Producing Countries at its meeting to be held in Papua New Guinea next month, should consider implementation of supply control plans as a precautionary measure while awaiting the finalisation of the wider agreement being negotiated in Geneva.

● Support for the establishment of a World Commodities Center in London to provide better facilities for international commodity organisations came yesterday from Sir Francis Sandilands, chairman of the Committee on Invisible Exports—see Letters, Page 19.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Advanced strongly on the London Metal Exchange as renewed buoyancy in both golds and silver coupled with a larger than forecast stocks decline caused forward metal to move ahead throughout the day ...

... Amalgamated Metal Trading reported that in the morning cash wirebars traded at £801, three months £817, 16, 17, 18.5, 17, 17.5, 18, 19, 18.5, 18, 17.5, 17. Kerb: Wirebars, three months £818, 17.5. Afternoon: Wirebars, three months £820, 19, 19.5, 20, 20.5, 18, 17, 17.5, 18, 19, 19.5. Cathodes, cash £779, three months £802. Kerb: Wirebars, three months £818, 18, 17, 17.5, 17, 16, 16, 17.

TIN—Lost ground as a sharp fall in the Penang market followed the outcome to the ITC meeting held on Friday. Forward metal traded between ... and an increase in stocks which was only partly offset by covering against American physical demand. Turnover 1,070 tonnes.

LEAD—Moved ahead reflecting the rise in copper and a fall in warehouse stocks. Forward metal opened around £497 and advanced to the day's high of £515. In the afternoon the rise in sterling was offset by Commission House buying which left forward metal at £513 on the late kerb. Turnover 11,150 tonnes.

Morning: Cash £532, three months £511, 10, 09, 07, 09, 10, 12, 13. Kerb: three months £513. Afternoon: Three months £514, 13, 14, 15, 14, 12, 11, 11.5, 11.25. Kerb: Three months £511, 11.5, 12, 14.

I.G. Index Limited 01-351 3466. November Coffee 1807-1820
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the small investor.

CORAL INDEX: Close 464-469

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, July 23.

RETURN OF moisture to the mid-West plus further potential benefits from the tropical depression "Claudette" generated heavy selling in the grains. Maize and the soya complex were at or near limit down and wheat was sharply lower. The livestock complex was mixed on poor retailer demand. ...

Live Hogs—Aug. 37.25-37.15 (36.70-37.20), Oct. 34.20-34.10 (33.67-34.15), Dec. 35.00-34.85, Feb. 36.85-36.80, April 36.75-36.65, June 40.80 asked, July 41.00-40.80, Aug. 40.00 bid. Sales: 4,250.

EUROPEAN MARKETS

... Spring wheat, 14 per cent, July $204, Aug. $2000, Sept. $202.50, Oct. $204.50, Nov. $206.

Maize—U.S. No. Three Corn Yellow, April $154, July $154, Aug. $155, Sept. $157, Oct./Dec. $160.75, Jan/March $167.

Soyabeans—U.S. Two Yellow Gulfports Aug. $332.50, Sept. $330, Oct. $316.75, Nov. $316.75, Dec. $320.75, Jan. $324, Feb. $327.50, March $328.50, April $329.25, May $329.50, June ...

... March $262, April-Sept. $267. Brazil Pellets April $250, July $250, Aug. $259, Sept. $262, Oct. $267, Nov. $269.

PARIS, July 23

Cocoa (FFr per 100 kilo)—July 1340-1385, Sept. 1366-1385, Dec. 1402-1405, March 1430-1480, May 1435, July 1440. Sales at call, nil.

Sugar (FFr per 100 kilos)—Oct. 945-946, Nov. 940-955, Dec. 1,024-1,025, March 1,095-1,100, May 1,130-1,133, July 1,140-1,160, Aug. 1,155-1,170, Oct. 1,170-1,190. Sales at call, 12.

INDICES

FINANCIAL TIMES

July 20	July 19	M'nth ago	Year ago
288.59	283.10	304.31	234.80

(Base: July 1, 1952=100)

MOODY'S

July 20	July 19	M'nth ago	Year ago
1086.2	1076.4	1118.2	917.4

(December 31, 1931=100)

DOW JONES

Dow Jones	July 20	July 19	Month ago	Year ago
Spot	412.55	408.26	428.98	352.41
F'tur's	423.57	420.09	440.31	338.03

(Average 1924-25-26=100)

REUTERS

July 23	July 20	M'nth ago	Year ago
1566.3	1568.7	1637.6	1418.4

(Base: September 18, 1931=100)

English produce: Potatoes—New crop per bag 2.10-2.30. Lettuce—Per 12 round 1.20-1.30, Cos 1.30, Webb's 1.30. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramley 0.03-0.09. Rhubarb—Per pound outdoor 0.04. Tomatoes—Per 10 lbs 1.00-1.60. Cucumbers—Trays 8/18's 1.00-1.30, pre-pack 1.20-1.60. Cauliflowers—12's Lincoln 2.50-3.00. Celery—Boxes 12/30's 1.25-1.30, large cartons 20/24's 2.70-... Gooseberries—Per pound 0.16, Levellers 0.20-0.25. Cherries—Per pound 0.30-0.40. Peas—Per pound 0.07-0.08. Broad Beans—Per pound 0.07. Onions—Per bag 5.00-5.20. Carrots—Per bunch 0.08, per bag 1.40-2.00. Beetroot—Per bag 2.00-2.70. Marrows—Per 18's 1.50-1.70. Capsicums—Per pound 0.20. Swedes/Turnips—Per 25/28 lbs 2.00. Raspberries—Per ¼ lb 0.12. Black/Red Currants—Per ¼ lb ...

LONDON STOCK EXCHANGE

Diverse trends emerge as Gilts respond to sterling but equities react to further gloomy economic reviews

Account Dealing Dates
Option

*First Declara- Dealings	tions Dealings	Last Account Dealings	Day
July 2	July 12	July 13	July 24
July 16	July 26	July 27	Aug. 6
July 30	Aug. 9	Aug. 10	Aug. 20

* "New time" dealings may take place from 9.30 am two business days earlier.

Faced with further gloomy reviews of UK economic prospects and mindful of the fact that the Government could soon initiate selling part of its stakes held in public and nationalised concerns, investors in equities decided yesterday to hang fire. Investment in Government stocks continued, however, sentiment being dominated by the latest upsurge in sterling and also by views that the new £1.5bn long tap issue, announced last Friday, could attract sizeable overseas applications.

The Cabinet decision against a special statement this week on public spending cuts, deferring the full plan until the autumn, was noted but made little impression on the tone. Longer-dated stocks closed with gains extending to ⅝, partly-paid Exchequer 12¾ per cent "A" 1999 ending that amount higher at 44⅝, while other improvements were in the region of ⅜. Similar rises were established by the shorts, which have recently been overshadowed by longer maturities, although turnover remained small.

Predictions of a continuing squeeze on company profits depressed business in leading shares which drifted lower until a few settled a penny or so above the lowest. The bulk of the day's trade occurred before midday and comprised small selling from public holders nervous about the uncertain economic and industrial outlook. The FT 30-share index was soon around 4 points off and, despite a spasmodic late rally among some index constituents, it closed 4.5 down at the day's worst of 466.7.

Corporations were quietly motivated by the main funds and gained ¼ in places, while among recently-issued Fixed Interests Aurora 8½ per cent convertible preference, issued in connection with the take-over of Edgar Allen, Balfour, made a quiet debut, opening and closing at 86½p.

Rates for investment currency fell initially on the fresh upsurge in the pound, but they recovered from 20½ per cent to 22 per cent before finally easing to 21¼ per cent for a net fall of ½. Turnover was well down on recent levels. Yesterday's SE conversion factor was 0.9297 (0.9404).

A resurgence of interest in the Traded option market saw a total of 641 contracts completed, almost twice last week's daily average of 372, and also well above Friday's 418. Cons. Gold Fields again attracted the bulk of demand, recording 174 trades, while other lively issues included Courtaulds, with 102 and Grand. Met. with 98.

Lloyds dull

Second-thoughts about the interim results and, in particular, the dividend payment prompted a fall of 7 to 323p in Lloyds in a dull and lethargic banking sector. In front of today's half-yearly results, NatWest relinquished 2 more to 350p, while Barclays, figures due Thursday, ended 4 off at 466p. Midland cheapened 5 to 360p. Elsewhere, merchant banks drifted lower on lack of support and losses of 4 and 6 respectively were sustained by Wintrust, 90p, and Hambros, 207p.

Falls in Insurances ranged to 5 following a subdued trade. Royals eased that much to 327p and Hambro Life gave up 4 to 112p. Edinburgh and General were quoted ex the rights issue at 29p with the new nil-paid shares closing at 4p premium.

Breweries remained subdued, drifting narrowly easier. Belhaven, a good market of late, fell 3 to 46p. George Gale put on 10 to 515p, while CAMRA Investments added 5 for a two-day gain of 10 to 125p: both issues are dealt in under special rules. Distilleries also tended easier, Arthur Bell slipping a couple of pence to 172p, while profit-taking on last week's annual results left Distillers 2 cheaper at 232p. Sellers were also seen in Amalgamated Distilled Products, 3 off at 60p.

Phoenix Timber came to life with a rise of 7 to 137p, but recent speculative interest faded in Parker Timber, 2 cheaper at 190p, while profit-taking after the recent good rise on the preliminary results left Magnet and Southerns 3 lower at 195p. Elsewhere in the Building sector, favourable weekend Press mention prompted a gain of 15 to 420p in Burnett and Hallamshire. Occasional support lifted D. Crouch 3 to 173p, but Cements turned a little easier after last Friday's late flurry on the increase in cement prices; Blue Circle, 266p, and Tunnel "B," 280p, eased 2 apiece.

ICI remained friendless and drifted off to close 5 cheaper at 326p.

Mail Orders easier

Publicity given to a broker's bearish circular unsettled mail-order concerns. Empire, 182p, and Freemans, 154p, cheapened 4 apiece, while Grattan declined 3 to 114p. A placing of 5½m shares brought about a fall of 10 to 160p, after 158p, in MFI Furniture, while losses of around 4 were seen in Home Charm, 110p, Martin the Newsagent, 254p, Moss Bros., 185p and Status Discount, 66p. By way of contrast, an investment recommendation drew buyers' attention to Bremner which closed 5 to the good at 75p, while Forminster improved 4 to 146p on buying ahead of Thursday's preliminary results. Still reflecting the Board's bearish remarks about current-year prospects, Wallis eased 2 more to 70p. Yet another investment recommendation helped Stylo Shoes move higher, the old adding 4 more to 169p and the new nil-paid 3 to 58p premium.

Interest in the Electrical sector remained at an extremely low ebb. Among the occasional noteworthy movements, Pye firmed 3 to 168p in response to weekend Press mention, but Electrocomponents met scattered offerings and gave up 8 to 435p. Eurotherm eased 5 to 300p, while BSR lost 2 to 46p. Racal closed unaltered at 435p, after 427p, following the full report. Leading issues to drift off a few pence included Plessey, 3 lower at 111p, and EMI, 2 down at 100p.

Leading Engineers trended easier in extremely quiet trading, John Brown easing 4 to 457p and Tubes 3 to 350p. Elsewhere, Clayton Son advanced 8 to 83p in belated response to Press mention. Scattered support lifted Spirax-Sarco 4 to 200p, but ML Holdings gave up 7 to 180p in a restricted market along with Martonair, 6 down at 182p. Sporadic offerings left S. W. Wood 3 lower at 47p. Jenks and Cattell, unchanged at 80p, failed to benefit from acquisition news, but Neepsend hardened 2 to 45p awaiting preliminary results due on Thursday.

Foods closed narrowly easier for choice following a quiet session. Sainsburys gave up 4 to 315p and Associated Dairies eased 2 to 263p but other leaders were barely tested. Barrow Milling, a weak market of late on currency influences, rallied 2 to 52p. News of a £1.5m acquisition of three properties from Gallagher helped Danish Bacon add 2 to 116p. Hazlewoods closed unchanged at 73p; the price in Friday's issue was incorrect.

Reports of lower holiday bookings hit Trust House Forte, 5 lower at 147p.

IAS Cargo better

The miscellaneous Industrial leaders started the week on a dull note. Prices generally drifted lower on lack of interest and Unilever finished 8 off at 484p and Turner and Newall 3 off down at a 1979 low of 116p. Elsewhere, IAS Cargo Airlines rose 4 to 124p on the better-than-expected results, while a Press report suggesting that work could resume on a Channel tunnel carrying a rail link between Britain and France sparked off renewed interest in Channel Tunnel which closed 9 to the good at 105p. An investment recommendation lifted Associated Sprayers a couple of pence to 60p and AAH edged forward a penny to 114p in response to the results. Applied Computers A firmed 5 to 200p and far-eastern influences prompted improvements of 4½ and 6 respectively in Swire Pacific, 77p, and Jardine Matheson, 112p. Vinten came on offer at 154p, down 10, and Dunbee-Combex Marx were friendless at 50p, down 4.

In Leisure issues, Caledonian Associated Cinemas moved ahead 20 to 620p on speculative support, while Press comment highlighting bid possibilities was good for a rise of 2 to 26p for film developers and printers Humphries Holdings. Samuelson Film Service were also firm, closing 3 better at 213p.

Reports of adverse comment in a provincial newspaper coupled with fears over export earnings due to the current strength of sterling left Rolls-Royce 4½ lower at 70½p. Group Lotus reversed Friday's gain which followed the annual statement, easing 3 to 38p, while Fodens closed 2 down at 45p. Distributors drifted lower in a quiet business, with falls of around 2 in Heron, 49p and Henlys, 105p. Components also finished with an easier bias, Dunlop at 61p, also shedding 2.

Interest in Properties was at a low ebb. Land Securities drifted down 4 to 297p and MEPC relinquished 2 to 185p as did Stock Conversion, to 370p; the preliminary figures of the last-named are due tomorrow. Regional, with annual results due on Thursday, eased 2 to 130p and the A lost the turn to 112p. Lynton, at 168p, gave up 2 of last Friday's rise of 10 which followed the results and property revaluation, while Imry closed 15 down at 655p. HK Land contrasted with a gain of 6 to 76½p as did Trafford Park, 3 up at 150p.

Oils drift lower

Oils followed the general trend, with prices drifting lower. Falls of 6 apiece in British Petroleum, 1230p, and Shell, 334p, mainly reflected the absence of support. Siebens (UK), down 12 in an extremely thin market, stood out in secondary issues. Lasmo gave up 4 to 228p and Burmah 3 to 143p, but fresh support in a very difficult market left Aran Energy 15 to the good at 135p.

Among Overseas Traders, Press comment prompted a rise of 3 in meat traders J. E. Sanger, 32p.

Trusts recorded scattered small losses throughout the list. Among Financials, Yule Catto firmed 2 to 92p, but profit-taking after the recent improvement on news of National Car Parks' 9.6 per cent stake in the company left Erskine House 3 down at 49p.

Stimulated recently by the increase in freight rates, Shipping met further profit-taking. Furness Withy reacted 7 more to 287p and Reardon Smith 4 to 143p with the 'A' 5 lower at 81p. P & O Deferred eased afresh to 98½p before settling at 100p for a fall of 2 on the day, while Ocean Transport closed with a similar fall at 98½p.

Textiles displayed a mixed appearance. Nova (Jersey), buoyed by Press comment following Friday's pleasing annual statement, put on 3 to 42p. Stirling Knitting, on the other hand, fell 3 to 29p after announcing reduced full-year earnings. Rivington Reed again came under pressure, reacting to the closure of its Barwick factory and the chairman's dividend warning at Friday's annual meeting, the shares dropping 7 at 22p, with the 9½ per cent Convertible a like amount easier at 78p. Courtaulds shed 2 to 85p.

Golds marked up

Mining markets began the week in subdued fashion. South African Golds were marked higher throughout the day, reflecting the sharp rise in the bullion price, but only modest buying interest was reported.

The Gold Mines index advanced 4.4 to 164.3 while the ex-premium index added 2.3 to 152.7.

Among heavyweights, Randfontein showed a gain of ½ at £25½, West Driefontein rose ½ to £22½ and Free State Geduld put on ½ to £12½. In medium and lower-priced issues Southvaal were prominent with an improvement of 25 at 539p.

South African-registered Financials all made progress with Union Corporation particularly in demand and finally 16 higher at 337p, Anglo American 10 up at 340p and De Beers 8 firmer at 345p. UC Investments rose 8 to 337p in front of the increased half-year earnings and dividend.

London Financials showed Rio Tinto-Zinc 4 cheaper at 256p following the announcement late on Friday that the Tennessee Valley Authority is seeking to void the big uranium contract with RTZ's 51 per cent owned Rio Algom; the latter, which were suspended at £13¾ on Friday, fell to £12½, after opening at £12⅞.

Charter came under pressure to close 4 off at a 1979 low of 126p following adverse Press mention. Gold Fields, however, hardened a penny to 223p helped by the strength of the bullion price.

Australians were generally a fraction harder in quiet trading. Base-metal producers attracted modest support with Bougainville 3 up at 103p. Pacific Copper continued to improve on speculative buying which left the shares a further 3 better at 78p.

FINANCIAL TIMES STOCK INDICES

—	July 23	July 20	July 19	July 18	July 17	July 16	A year ago
Government Secs.	73.59	73.37	73.46	73.37	73.08	72.46	70.99
Fixed Interest	74.98	74.66	74.72	74.72	74.25	73.95	72.05
Industrial	466.7	471.2	471.9	472.0	476.0	470.3	485.9
Gold Mines	164.3	159.9	161.5	171.0	171.7	160.5	180.5
Gold Mines (Ex-$ pm)	152.7	150.4	†153.4	158.9	154.5	146.6	118.8
Ord. Div. Yield	6.78	6.73	6.70	6.71	6.60	6.67	5.50
Earnings, Yld. % (full)	17.06	16.93	16.87	16.91	16.63	16.78	15.58
P/E Ratio (net) (*)	7.34	7.39	7.46	7.44	7.56	7.54	8.01
Total bargains	15,800	15,180	15,869	17,615	17,012	14,597	—
Equity turnover £m	—	67.68	69.89	85.69	75.27	55.12	82.96
Equity bargains total	—	10,378	11,726	13,005	12,475	10,927	17,183

10 am 468.8. 11 am 467.4. Noon 467.4. 1 pm 467.2.
2 pm 467.1. 3 pm 466.8.

Latest Index 1-246 8026.

*Nil=7.04.

Basis 100 Govt. Secs. 15/10/226. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	64.54 (3/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.78 (5/6)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (9/4)	129.9 [illegible]	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	169.5 (9/4)	95.3 [illegible]	337.1 (3/4/74)	54.3 (26/6/76)

S.E. ACTIVITY

—	July 23	July 20
Daily		
Gilt Edged	131.4	135.4
Industrials	96.1	96.4
Speculative	26.4	26.7
Totals	67.4	69.0
5-d'y Av'r'ge		
Gilt Edged	139.1	141.3
Industrials	115.0	118.8
Speculative	30.1	31.0
Totals	79.3	81.5

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (14)

BRITISH FUNDS (3)

Treasury 3pc 1979 — Treas. 13pc '01-04 — Treasury 12¾pc 1995 — Cons. 3½pc '61 Aft.

[illegible]

ELECTRICALS (1) — ENGINEERING (1) — INDUSTRIALS (1) — SHOES (1) — TEXTILES (2) — INVESTMENT TRUSTS (1) — OILS (1)

Bremner — Cablelorm — Spirax-Sarco — Diamond Stylo — Stylo Shoes — Hollas — London & Liverpool — Aran Energy

NEW LOWS (34)

AMERICANS (2) — CANADIANS (2) — BANKS (2) — BUILDINGS (2) — STORES (1) — ELECTRICALS (2) — ENGINEERING (1) — FOODS (1) — HOTELS (1) — INDUSTRIALS (12) — INSURANCE (2) — MOTORS (1) — PAPERS (1) — SOUTH AFRICANS (1) — TEXTILES (1) — TRUSTS (5) — OVERSEAS TRADERS (1) — MINES (1)

ASA — AMF 5pc — Hawker Siddeley Can. — Deutsche Bank — Douglas (Robert M.) — Lowland Drapery — Philips' Lamp — Acrow 'A' — Amalgamated Power — Birmid Qualcast — Brothorhood (Peter) — Brooke Bond — Comfort International — Bowater — Christies Intnl. — Chubb — Dunbee-Combex — Glaxo — Goldman (H.) — Leboff (Fobel) — Minet — Sedgwick Forbes — Rank Organisation — Toye — Trafalgar House — Turner & Newall — UKO International — Unilever — Whatman Reeve Angel — Taisho Marine — Rolls-Royce Motors — [illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrial	134	398	891
Financial & Prop.	38	147	320
Oils	11	15	13
Plantations	7	6	24
Mines	65	14	61
Others	67	25	58
Totals	407	600	1,430

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1300	1	2	34	1	78	—	1233p
Com. Union	160	¼	10	5	-	8	—	139p
Com. Union	180	¼	38	2	-	4	—	"
Com. Union	200	¼	13	1	-	2	—	"
Cons. Gold	160	65	1	—	-	-	-	223p
Cons. Gold	200	25	18	35	—	41	—	"
Cons. Gold	220	5	120	20	—	27	—	"
Cons. Gold	240	⅛	6	11	-	19	25	"
Cons. Gold	260	¼	8	6	-	9	—	"
Courtaulds	100	¼	1	2½	-	3½	—	85p
Courtaulds	110	¼	15	1½	5	2½	7	"
Courtaulds	120	¼	12	½	—	1	—	"
Courtaulds	130	¼	63	—	-	-	—	"
GEC	390	¼	3	16	—	31	—	361p
GEC	420	¼	4	8	1	20	—	"
GEC	460	¼	26	4	-	11	—	"
Grand Met.	138	4½	-	13	72	21	-	140p
Grand Met.	178	¼	26	2½	-	6	—	"
ICI	330	2	24	17	5	28	—	326p
ICI	420	¼	8	1	-	4	—	"
Land Secs.	300	1½	-	19	—	31	6	297p
Land Secs.	350	1½	16	6	-	11	—	"
Marks & Sp.	100	14	4	19	-	-	—	115p
Marks & Sp.	110	4	10	12	-	17	—	"
Marks & Sp.	120	¼	54	7	3	11	—	"
Marks & Sp.	130	¼	17	3½	-	8	—	"
Shell	325	13	3	25	-	33	—	334p
Shell	350	2	-	18	-	24	1	"
Shell	400	¼	10	5	-	11	3	"
Totals			482		85		41	
		August		November		February		
Imperial Gp.	80	12	5	13½	-	—	—	91p
RTZ	300	2	20	7	—	16	—	256p
RTZ	360	¼	10	3	—	-	-	"
Totals			33		—		—	

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	13	326	− 5	415	323
Dowty	50p	9	314	− 3	357	252
BP	£1	7	1,230	− 6	1,295	882
Midland Bank	£1	7	360	− 5	455	348
RTZ	25p	6	256	− 4	362	226
Shell Transport	25p	6	334	− 6	402	278
De Beers Defd.	R0.05	5	345	+ 8	482	336
GEC	25p	5	360	− 1	456	311
Glaxo	50p	5	440	—	600	437
Hanson Tst. 'New'	Nil/pd.	5	54pm	—	71pm	50pm
MFI Furniture	10p	5	160	−10	178	54
NatWest Bank	£1	5	350	− 2	406	278
Tesco Stores	5p	5	74	− ½	82	51½
Trusthouse Forte	25p	5	147	− 5	198	127
Unilever	25p	5	484	− 8	680	484

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 24	Aug. 6	Oct. 18	Oct. 30
Aug. 7	Aug. 20	Nov. 1	Nov. 13
Aug. 21	Sept. 3	Nov. 15	Nov. 27

For rate indications see end of Share Information Service

In a quiet business, call options were dealt in Shell, De Beers Defd., Spillers, Charter Cons., Silvermines, Burmah, Siebens (UK), Premier Oil and Lesney. A put was completed in Barclays Bank, while doubles were arranged in Stylo, Town and City, Premier Oil and Lesney.

RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	—	76	60	Arrow Chemicals	71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60	F.P.	11/7	91	76	B & G (Retail) Sp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	27/7	99	88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	58	56	Malay'n Pl'ts Berhad	57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	10/8	23	19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	44	38	Phicom 10p	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
160	F.P.	6/8	186	176	Standard Tel. & Cables	181	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. date	1979 High	1979 Low	Stock	Closing Price £	+ or −
[illegible]	F.P.	—	[illegible]	86½	Aurora 8½ Conv. Cum. Pref.	86½	[illegible]
100	F.P.	20/7	97	96	English & Overseas Inv. Conv.	97	[illegible]
[illegible]	F.P.	[illegible]	115	107	Kwik-Fit (Tyres) 8% Conv. Ln.	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Marsh'll's Univ'r 11% Conv. Cum. Red. Prf.	[illegible]	[illegible]
100	F.P.	30/8	102	99	Portsmouth Water 7% Red. Prf. 1984	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Sund. & S. Shields Water 8% 1986	[illegible]	[illegible]
*98	£10	10/8	12½	11½	Wrexham Water 8% 1984	12½	[illegible]
98	F.P.	[illegible]	[illegible]	[illegible]	York Water 12% Deb 1986	97	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Causton Sir J.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Century Oils	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Combined English Stores	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Control Securities	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Edinburgh & General	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Elliott (B.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Geevor Tin	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Goldberg (A.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Grand Metropolitan	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hanson Trust	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Highland Dist.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hunting Assoc.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Intl. Timber	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	McCorquodale	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ovenstone	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	P.M.A. Holdings	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peterson Tennant	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Simon Engineering	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Sound Diffusion	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Stylo Shoes	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	UBM	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	W.G.I.	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., July 23, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri. July 20 Index No.	Thurs. July 19 Index No.	Wed. July 18 Index No.	Tues. July 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	241.88	−0.5	17.79	5.85	7.28	243.11	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (27)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (74)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (52)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	Lt. Electronics, Radio, TV (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Motors and Distributors (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (171)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
15	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Entertainment, Catering (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Food Manufacturing (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
18	Food Retailing (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
19	Newspapers, Publishing (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
20	Packaging and Paper (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	Stores (41)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	OTHER GROUPS (99)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Pharmaceutical Products (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Miscellaneous (58)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (494)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (116)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (43)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (110)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. July 23	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.	Mon. July 23	Fri. July 20	Year ago (approx.)
1	Low Coupons 5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7	High Coupons 5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables	[illegible]	[illegible]	[illegible]

		Mon. July 23 Index	Yield	Fri. July 20	Thurs. July 19	Wed. July 18	Tues. July 17	Mon. July 16	Fri. July 13	Thurs. July 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mgrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Inc. Tst.	106.6	112.2	+0.2	9.15
Abbey Capital	36.8	39.1	-0.3	4.72
Abbey Income	[illegible]	[illegible]	-0.3	[illegible]
Abbey Inv. Tst. Fd.	[illegible]	[illegible]	-0.3	[illegible]
Abbey Gen. Tst.	[illegible]	52.2	-0.3	[illegible]
Equitas Prog. Tst.	[illegible]	[illegible]	-0.3	4.75

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or, Brentwood (0277) 211459

Friends' Provdt. Unit Tst. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	47.4	50.4	-0.6	4.84
Do. Accum.	63.4	67.8	-0.8	4.84

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital July 19	104.3	105.9	.....	4.72
Gross Inc. July 19	[illegible]	[illegible]	.....	10.00
High Yield July 19	[illegible]	[illegible]	.....	9.44

*Unauth. Restricted to funds under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4R 9BH 01-623 1050

Minster July 16	38.6	40.6	.....	6.21
Exempt June 29	104.4	108.8	.....	6.18

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	54.6	57.5	.....	3.68

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	65.8	70.6	.....	4.61

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	51.7	55.1	-0.3	7.61
Mutual Inc. Tst.	72.4	76.7	-0.3	7.80
Mutual Blue Chip	45.7	49.2	-0.1	6.97
Mutual High Yld.	57.0	61.3	-0.3	9.25

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8555

Income July 18	162.4	168.4	.....	6.16
(Accum. Units)	230.4	239.0	.....	6.16
Capt. July 18	136.0	141.0	.....	3.51
(Accum. Units)	167.4	173.6	.....	3.51

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	137.0	145.5	-0.5	5.13

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	118.1	125.1	-3.0	3.82
Quadrant Income	134.3	138.5	-1.8	8.67
Quadrant Intl. Fund		100.0	.....	1.70

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	69.1	73.9	.....	6.17
Sekforde T. (Acc.)	43.5	46.9	-0.3	5.60
Sekforde T. Inc.	40.9	43.7	-0.2	5.60

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	72.0	77.0	.....	3.07
Ridgefield Income	88.0	94.0	.....	9.69

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	172.5	183.5	-1.0	4.05
N.C. Engy. Res. Tst.	115.1	122.5	+0.7	2.45
N.C. Income Fund	149.9	159.4	-0.6	8.03

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)
140, South Street, Dorking (0306) 86441

Am. Exempt	21.7	22.8	.....	4.57
Am. Growth	26.6	28.8	.....	4.05
Am. Smaller Cos.	28.5	30.6	+0.1	2.43
Exempt High Yld.	28.2	29.7	-0.2	7.87
Exempt Mkt. Ldrs.	28.8	30.3	-0.2	4.47
Extra Inc. Tst.	29.0	31.2	-0.1	9.49
Income Dist.	43.1	46.4	-0.2	4.19
Inc. 10% Wdrwl.	31.6	34.2	-0.1	—
Inv. Tst. Units	27.2	29.2	.....	5.17
Intl. Growth	45.8	49.2	-0.2	4.26
Market Leaders	32.6	34.2	-0.2	5.00
'Nil Yield'	29.2	31.8	-0.1	—
Pref. & Gilt Trust	22.8	24.5	.....	12.05
Property Shares	38.9	42.0	-0.1	1.95
Special Sit. Tst.	39.9	42.9	+0.1	3.72
U.K. Grth. Accum.	25.5	27.4	.....	5.05
U.K. Grth. Dist.	21.6	23.2	-0.1	5.05

J. Henry Schroder Wagg & Co. Ltd.♥(a)(c)
120, Cheapside, E.C.2. 01-240 3434

Capital July 17	110.9	119.2	.....	3.12
(Accum. Units)	136.3	146.5	.....	3.12
Income July 17	199.1	210.0	.....	7.71
(Accum. Units)	311.1	334.5	.....	7.71
General July 18	94.2	101.2	.....	3.90
(Accum. Units)	121.0	130.1	.....	3.90
Europe July 12	27.2	29.2	.....	3.39

Tower Unit Trust Mngt. Ltd.
39/45 Finsbury Square, EC2A 1PX. 01-628 2294

Income & Growth	22.9	24.0	-0.1	8.84

Trades Union Unit Tst. Managers♥
100, Wood Street, E.C.2. 01-628 8011

TUUT July 2	54.3	57.8	.....	4.87

Transatlantic and Gen. Secs.♥ (c)(y)
91-99, New London Rd., Chelmsford. 0245-51651

Barbican July 19	81.3	86.6	.....	6.44
(Accum. Units)	131.6	140.1	.....	6.44
♦Barb. Expt. June 27	75.4	77.9	.....	5.90
Buckm. July 19	83.6	88.8	.....	5.04
(Accum. Units)	106.8	113.5	.....	5.04
Colemco July 20	134.5	141.6	.....	5.95
(Accum. Units)	168.5	177.7	.....	5.95
Cuml. July 18	55.1	58.0	.....	7.42
(Accum. Units)	63.3	67.8	.....	7.42
Glen July 17	55.3	58.7	.....	3.96
(Accum. Units)	73.2	77.8	.....	3.96
Marlboro. July 17	48.8	51.2	.....	2.91
(Accum. Units)	57.0	59.7	.....	2.91
Van. Grwt. July 17	51.2	53.8	.....	3.43
(Accum. Units)	64.4	67.7	.....	3.43
Vang. Hy. July 17	73.3	77.2	.....	8.36
Vang. T'ee July 11	45.5	47.9	.....	5.60
(Accum. Units)	49.5	52.2	.....	5.60

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$8.04	.....	—

Net asset value July 16.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg. Fd.	£12.66	12.68	.....	12.02

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	123.0	127.0	+3	7.87

Next dealing July 23

Gov't Secs. Tst.	95.5	99.0	+3.0	12.63

Next dealing date July 30.

East & Intl. Tst. (CI)	101	108	.....	3.47

Next dealing date July 26.

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

Keyser Ullman Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr1,306	1,436	-2	2.40
Bondselex	115.95	121.65	.....	2.48
Central Assets	£148.25	148.30	+0.15	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.44	9.49	.....	11.75
Gilt Trust (I.o.M.)	111.0	112.9	.....	11.50
Gilt Fnd. Guernsey	10.01	10.05	.....	11.75

Intl. Govt. Secs. Tst.

First Sterling	£21.63	21.77	.....	—
First Intl.	[illegible]	237.47	.....	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
14	4	ACM 20c	14	......	—	—	—
171	100	Bougainville 50 Toea	103	+3	Q15c	1.0	7.4
140	84	BH South 50c	94	+2	—	—	—
860	340	Central Pacific	720	......	—	—	—
318	174	Conzinc Riotinto 50c	174	......	NQ10c	2.0	3.0
36	16	Coltus Pacific N.L.	19	......	—	—	—
21½	11	Endeavour 20c	13	......	—	—	—
98	62	G.M. Kalgoorlie $1	83	......	Z03c	—	1.9
42	23	Haoma Gold N.L.	27	–1	—	—	—
210	148	Hampin Areas 5p	200	......	3.5	♦	2.6
71½	25	Metals Ex. 50c	36	+2	—	—	—
275	168	M.I.M. Hldgs. 50c	173	+2	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	34	Mount Lyell 25c	34	......	—	—	—
44	14	Newmetal 20c	15	+1	—	—	—
141	91	North B. Hill 50c	94	+2	†Q8c	1.3	4.4
22	11	Nth. Kalgurli	15	+½	—	—	—
40	22	Nth. West Mining	24	......	—	—	—
137	82	Oakbridge $A1	82	–1	Q12c	1.9	7.6
37	22	Otter N.L.	33	......	—	—	—
120	58	Pacific Copper	76	+3	—	—	—
£10¼	625	Pancont'l 25c	762	......	—	—	—
25¼	15½	Paringa M&Ex 5p	20½	......	—	—	—
510	268	Peko-Wallsend 50c	290	+5	Q15c	3.3	2.7
340	145	Southern Pacific	285	......	—	—	—
16	12	West Coast 25c	13	......	—	—	—
188	121	Westn. Mining 50c	128	–1	†Q3c	0.7	1.2
11	9	Westmex	10	......	—	—	—
65	50	Whim Creek 20c	50	......	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	28	......	2.81	1.3	14.3
435	265	Ayer Hitam $M1	290	–5	Q300c	0.5	22.2
72	51	Beralt Tin	52	......	4.0	3.3	11.0
270	175	Berjuntai $M1	185	......	†Q110c	1.0	14.5
160	125	Geevor	130	......	8.71	3.1	9.6
10½	8	Gold & Base 12½p	9½	......	—	—	—
365	295	Gopeng Cons.	325	......	†18.0	1.4	7.9
370	295	Hongkong	320	......	†12.5	2.8	5.6
98	64	Idris 10p	87	......	†8.0	5.3	13.6
14	9½	Jantar 12½p	11	......	♦	—	—
95	58	Kamunting $M0.50	70	......	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	350	......	—	—	—
465	365	Malay Dredging $M1	380	......	†175c	0.7	1.7
57	28	ΔPahang	28	......	—	—	—
123	60	Pengkalen 10p	112	......	4.5	1.2	6.0
275	195	Petaling $M1	205	......	†Q120c	1.3	12.6
85	62	Saint Piran	68	+3	†2.03	6.5	4.3
58	45	South Crofty 10p	46	+1	†4.19	2.0	13.0
230	170	South Kinta $M0.50	185	......	†sQ145c	0.6	16.8
405	285	Sthn Malayan $M1	345	......	†Q190c	1.0	11.8
310	210	Sungei Besi $M1	260	......	Q520c	♦	57.0
75	45	Supreme Corp. $M1	45	......	Z010c	—	4.8
105	94	Tanjong 15p	95	......	7.5	0.7	11.3
115	90	Tongkah H. Tin	90	......	†Q24c	0.7	6.0
280	190	Tronoh $M1	200	......	Q25c	5.2	2.8

COPPER

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	65	......	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	60	......	—	—	—
13½	10	Burma Mines 17½p	11½	......	—	—	—
345	170	Cons. Murch. 10c	270	......	Z030c	—	5.7
410	310	Northgate C$1	330	+20	—	—	—
362	226	R.T.Z.	256	–4	11.5	2.7	6.4
31	18	Robert Mines	24	–1	—	—	—
65	32	Sabina Inds. C$1	32	–2	—	—	—
880	537	Tara Exptn. $1	550	+13	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$15½	+⅛	Q200c	♦	15.6
$15½	890c	East Drie R1	$13¼	+⅛	†Q175c	1.6	10.5
$10¼	350c	East Rand Prp. R1	$10½	+⅛	†Q10c	—	1.2
$27⅝	$18¼	F.S. Geduld 50c	$27⅝	+⅜	†Q315c	2.4	14.1
$19⅝	$11⅛	Pres. Brand 50c	$19	+⅜	†Q150c	3.2	9.5
$18⅛	$10¼	St. Helena R1	$17½	+⅜	†Q190c	1.4	13.1
760c	407c	Stilfontein 50c	710c	+20	†Q66c	♦	11.2
$35¼	$18¼	Vaal Reefs 50c	$34	......	†Q280c	2.7	10.4
$50¼	$28¾	West Drie R1	$48	+½	Q615c	1.7	15.5
$36½	$22¼	West Hldgs. 50c	$36	+½	†Q425c	1.4	14.0
$18½	$10⅜	Western Deep R2	$17⅞	+⅜	†Q107c	2.1	10.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or in EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 30

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv. 20p	26	......	Sindall (Wm.)	155	......
Bertam	26	......	IRISH		
Bdg'wtr. Est. 50p	415	+5	Conv. 9% '80/82	£86¼	......
Clover Croft	28	......	Nat. 9¾% 84/89	£71⅝	......
Craig & Rose £1	£11½	......	Fin. 13% 97/02	£84⅝	......
Dyson (R. A.) A	26	......	Alliance Gas	80	......
Ellis & McHdy	180	......	Arnott	345	......
Fife Forge	54	......	Carroll (P.J.)	98	+3
Finlay Pkg. 5p	28	......	Clondalkin	80	......
Graig Ship. £1	310xd	–5	Concrete Prods.	87	......
Higsons Brew.	78	......	Heiton (Hldgs.)	78	+3
Holt (Jos) 25p	260	......	Ins. Corp.	218	......
I.O.M. Stm. £1	160	–5	Irish Ropes	78	–10
Pearce (C. H.)	265	......	Jacob	35	......
Peel Mills	30	......	T.M.G.	190	......
Sheff. Refrshmt	105	......	Unidare	83	......

OPTIONS
3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	56	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14	**Property**	
Boots	18	Lex Service	11	Brit. Land	7½
Bowaters	18	Lloyds Bank	25	Cap. Counties	9
B.A.T.	28	"Lofs"	5	Land Secs.	25
Brown (J.)	50	London Brick	7	MEPC	17
Burton 'A'	26	Lonrho	8	Peachey	13
Cadburys	7	Lucas Inds.	25	Samuel Props.	14
Courtaulds	10	"Mams"	18	Town & City	2¼
Debenhams	8	Mrks. & Spncr	11	**Oils**	
Distillers	21	Midland Bank	30	Brit. Petroleum	100
Dunlop	6½	N.E.I.	14	Burmah Oil	13
Eagle Star	14	Nat. West. Bank	28	Charterhall	5
E.M.I.	12	Do. Warrants	15	Premier	5
Gen. Accident	21	P & O Dfd.	18	Shell	25
Gen. Electric	35	Plessey	10	Ultramar	25
Glaxo	50	R.H.M.	5	**Mines**	
Grand Met.	14	Rank Org.	25	Charter Cons.	16
G.U.S. 'A'	30	Reed Intnl.	18	Cons. Gold	28
Guardian	24	Sears	5½	Rio T. Zinc	27
G.K.N.	28	Spillers	4½		
Hawker Sidd.	26	Tesco	7		
House of Fraser	18	Thorn	35		
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Tuesday July 24 1979

New oil and gas site found off Shetlands

BY RAY DAFTER, ENERGY EDITOR

A NORTH SEA exploration group led by Continental Oil has made a further encouraging discovery about 100 miles south-east of the Shetlands Islands.

The group, which also includes British National Oil Corporation and Gulf Oil, tested significant quantities of natural gas and condensate—very light oil—in block 9/19, close to Mobil's Beryl Field.

The discovery is only five miles south-east of an oil find on block 9/18 announced in March by the Conoco/BNOC/Gulf group and close to a previous gas and oil discovery. The offshore industry feels that this latest discovery considerably enhances the commercial potential for developing oil and gas reservoirs on blocks 9/18 and 9/19.

Conoco said yesterday that the latest discovery well on block 9/19 flowed gas at the rate of 37m cubic feet a day and condensate (oil of 48-degree API) at the rate of 1,986 barrels a day.

The well was drilled to a depth of 13,700 feet in 390 feet of water by the drilling rig Norjarl. The Conoco group plans to drill another exploratory well on either block 9/18 or 9/19 later this year.

In March Conoco announced that a discovery well on block 9/18 had found high quality oil (38-degree API) which flowed at rates of up to 5,600 barrels a day.

The geology in this part of the North Sea is complicated. It is thought that the discovery wells on the two blocks have penetrated separate reservoirs, trapped in some of the numerous fault blocks, rather than one large-size field.

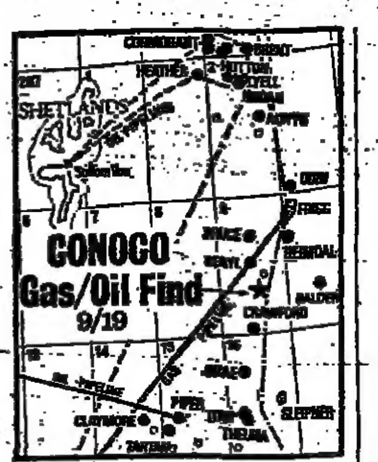
It is quite possible that the finds will be developed through a single production complex encompassing cumulative reserves and flow rates on a par with some of the medium-sized fields in the North Sea.

In view of the large amounts of natural gas in the latest discovery the production complex would almost certainly have to include some gas transmission system. For instance, it could be linked to a new gas gathering trunkline which might be built to collect natural gas from some of the northerly North Sea oil fields like Magnus, Murchison, Thistle, Beryl and Brae.

British Gas and Mobil—operator of the Beryl Field—are conducting feasibility studies into the construction of such a line.

Alternatively, the gas in blocks 9/18 and 9/19 could be fed into the existing Frigg trunk line.

However, it is likely to be several years before the Conoco group can complete its exploration programme in the area and prepare what will probably be a complicated production system.



The group has several other finds to evaluate, in blocks 3/2, 15/30 and 211/19. What is more, Conoco, BNOC and Gulf are already heavily engaged in development work.

The trio hope to begin producing oil from their Murchison Field next year (along with minority Norwegian interests); the production platform is due to be towed into position next month.

Later this year the group is expected to apply for development approval for the North Sea Hutton Field. As things stand, the unnamed 9/18 and 9/19 discoveries would be next in line for development.

Ulster gas pipeline rejected, Page 8

Changes planned in coal financing

By John Lloyd

PLANS TO restructure the finances of the National Coal Board, to offer large inducements to miners to leave uneconomic pits and to transfer the board's pension commitments to the state are thought to be near agreement in the Energy Department.

Energy Ministers are likely to recommend to their Government colleagues:

- That a substantial proportion of equity, in the shape of public dividend capital, be injected into the NCB's finances, moving it away from its dependence on loans. The practical advantage would be that repayment would, in effect, be at a time when the board could afford it, rather than the NCB facing heavy annual interest charges, as it does now.
- That mineworkers in uneconomic pits should be offered large redundancy payments—possibly as high as the £15,000 reached by the British Steel Corporation—if they wish to leave the industry, and greatly increased resettlement grants where they wish to move to more productive pits.
- That the NCB's pension commitments — which amounted to £328.9m last year (including national insurance)—should be taken over the Government. This would relieve the board of its third largest revenue cost, after wages and materials.

Ministers are thought to be unperturbed by the likelihood that the board will not reach an output figure of 135m tonnes by 1985, as called for in the Plan for Coal.

The new thinking on coal would be that rigid targets should be replaced with a more flexible, less defensive policy, which matches production to the growing market demands.

This view is emerging against a background of strong support for the coal industry, which is being seen by the Government as one in which very large sums of money must be spent. *Indeed, it is possible that the Government will spend more on the industry than Mr. Callaghan's administration.*

Feature, Page 19

THE LEX COLUMN

British Aerospace on the runway

British Aerospace would certainly look more appealing in a prospectus than — for the time being, anyway — would British Airways. The Aerospace Corporation is making solid profits — of around £60m pre-tax in 1978 — and is operating in the context of a buoyant world industry (though private investors would no doubt look for something more generous than the £2m dividend paid to the Government last year). But there are several obstacles to the official scheme to cut the Government's shareholding down to around 50 per cent.

The first problem is that the Government has not yet actually paid for BAC, the company jointly owned by GEC and Vickers which went to form the major part of British Aerospace. It is a point of which the Department of Industry is now likely to be forcefully reminded by GEC and Vickers. Negotiations over nationalisation compensation have been virtually in limbo since before the general election, and the companies will clearly seize on the bargaining counter they have now been offered. They will not keep quiet if the Government tries to dispose of assets for more than it is prepared to pay.

The interesting point here is that the Government has not ruled out breaking up British Aerospace (though it would prefer to keep it in one piece), so there is scope for doing deals over various assets. It is a possibility which the companies would probably be willing to consider.

The second difficulty is more fundamental: in order to make British Aerospace a marketable proposition the continuing Government role will have to be very carefully defined. Even when the companies were previously in the private sector there was a heavy reliance on official risk financing of aircraft projects.

British Aerospace can only be floated off as a contractor, not as a company which bears the huge primary financial risks in developing new airframes.

Index fell 4.5 to 466.7

As a purely commercial concern, for instance, British Aerospace might have to use rather different criteria to decide whether, as the last annual report put it: "The concept of full and equal partnership in Airbus Industrie was preferable to a sub-contracting role with the Boeing Company."

If these problems can be satisfactorily solved, there would be clear advantages in running British Aerospace on commercial lines, with a substantial shareholding in the hands of the public. To give political security to the minority, however, the shares will need to be very widely held. GEC and Vickers have discovered what it can be like to be isolated shareholders, lacking numerical punch in a politically vulnerable industry.

Warburg/Paribas

It is over six years since S. G. Warburg linked up with Banque de Paris et des Pays-Bas in a fit of *entente cordiale* and in terms of earnings at least it now looks as if the British bank drew the short straw.

The deal was that S. G. Warburg would exchange 25 per cent of its equity for an effective 12½ per cent stake in Banque de Paris et des Pays-Bas plus smaller stakes in three other Paribas banks in Belgium, Holland and Switzerland. The exchange was apparently negotiated on the basis of equal earnings contributions but since then Warburg has contributed more than it has received despite the fact that sterling has fallen relative to the French franc.

In his 1979 statement as chairman of Mercury Securities, Lord Roll notes that the profit arising from Warburg's Paribas stake was "substantially less" than Warburg's contribution to its French associate—a point diplomatically omitted from the S. G. Warburg statement. However, Lord Roll goes on to stress the mutual benefits which continue to develop, particularly in the United States.

Undoubtedly the Paribas connection has helped consolidate Warburg's leading position in the Eurobond market and extend its interests in the U.S. But perhaps it is significant that no other major accepting house has yet imitated Warburg's European link-up.

Company borrowing

The gruesome series of statistics covering the corporate sector's financial traumas in the first quarter has come to a climax with the publication yesterday of a net borrowing requirement of £2.8bn for the quarter, about 40 per cent higher than the NBR for the whole of 1978. The financial deficit, at £1.6bn for the quarter, compares with just under £2bn for 1978 as a whole.

Once again the step from financial deficit to NBR is dominated by the rogue figure for unidentified transactions. This has swung from a £1bn positive contribution to cash flow to a £1.1bn drain on company finances between the fourth quarter of 1978 and the first quarter of this year. The only official explanation offered for this extraordinary change is that the pattern of payments and the recording of transactions were disrupted.

It does look as though some shifting of trade credit took place during the first quarter at the expense of the corporate sector. In any case, it would probably be unwise to conclude that the NBR of £2.8bn is wildly wrong and liable to be revised significantly downwards: bank borrowings by companies rose £1.3bn in the quarter, acceptances more higher, and, most ominous of all, liquidity in the form of bank deposits was run down by a seasonally adjusted 650m. This last figure compares with an average quarterly increase of £640m in corporate bank deposits in 1978.

Record deficit for industry

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRY had a record financial deficit in the first three months of this year because of a profits squeeze and a high level of spending on stocks and work in progress.

Figures published yesterday by the Central Statistical Office reveal that industrial and commercial companies had a deficit of £1.57bn in the first quarter. This compared with £676m in the previous three months and £1.98bn for last year as a whole.

The deficit shows the amount that industry has to raise from other parts of the economy, mainly through bank borrowing. This is after paying taxes and dividends and financing capital spending.

The first quarter deficit may have been erratically high because of the reduction in profits caused by loss of production during the industrial disputes and bad weather of the winter.

INDUSTRIAL AND COMMERCIAL COMPANIES

£m, seasonally adjusted

		Receipts (net of stock apprecia-tion)	Expnditre	Deficit—Net acquisition of financ'l assets from other sectors
1977		8,937	10,758	—1,821
1978		10,246	12,233	—1,987
1977	1st	1,832	2,571	— 739
	2nd	2,305	2,906	— 601
	3rd	2,229	2,444	— 215
	4th	2,571	2,837	— 266
1978	1st	2,570	3,046	— 476
	2nd	2,479	3,000	— 521
	3rd	2,748	3,062	— 314
	4th	2,449	3,125	— 676
1979	1st	1,894	3,466	—1,572

Source: Central Statistical Office.

Nevertheless, the underlying financial position of industry appears to have deteriorated in the last year. This reflects the squeeze on profits resulting from the rapid growth of costs and the rise in sterling, coupled with a high level of fixed investment and stockbuilding.

During the six months to March, undistributed income (net of stock appreciation) fell by roughly £900m against the previous half year. Stockbuilding increased by £500m. This caused the financial deficit to rise between the half-year from about £800m to £2.2bn.

Most analysts expect the deficit to rise during 1979 because of a fallin profits net of stock appreciation. City stockbroker Phillips and Drew, has projected a deficit of £3.9bn.

The first quarter deficit was higher in current prices than in mid-1974, the height of the liquidity crisis, but it was smaller in real terms because of interim inflation.

Industry is to some extent better protected than four years ago since the wave of rights issues in 1975-76 has improved balance sheets. This is an aggregate picture, and it is likely that manufacturing will be hit harder than other sectors because of exchange rate pressures.

The deterioration in industry's financial position is also highlighted by another official measure—the net borrowing requirement. This differs from the financial deficit by adjusting for certain financial transactions, such as trade credit and unremitted profits.

The net borrowing requirement in the first quarter was £2.84bn, compared with £168m in the previous three months and £2.04bn for 1978 as whole. This was mainly financed through bank borrowing of £1.8bn.

Iran promises to pay off foreign debts

BY OUR TEHRAN CORRESPONDENT

IRAN WILL meet all its foreign debt commitments and compensate foreign shareholders in nationalised banks in full under the country's foreign investment law, Mr. Mohammad Ali Mowlavi, head of the Central Bank of Iran, has announced.

Government payments on hundreds of development projects involving foreigners slowed to a trickle last autumn when political agitation began, and stopped altogether when the Ministry of Finance went on strike in November.

Soon after the Revolution, the present Government assured foreign companies that all outstanding debts would be settled as soon as oil revenue started to flow again.

In April, Mr. Ali Akbar Moinfar, head of the Plan and Budget organisation, said all back payments would be cleared by June 21 provided "there had been no disruption involved in the projects." Four months later, foreign companies reported they had received only small fractions of what they were owed.

Even so, doubts are growing among foreign companies in Iran about the Government's intention of trying to settle its debts.

Impregilo-Tessa, the Italian joint venture building the Lar dam, has received only $1.7m of the $43m it is owed on the project.

After the Central Bank's annual general meeting, Mr. Mowlavi said Iran had already paid out $600m (about £300m) in foreign loan repayments since the beginning of the current financial year and would make another $800m in payments falling due during the rest of the year.

The total amount of Iran's debts to foreign banks was about $3bn, but many of the loans were over 10 years, he said.

The value of foreign holdings in Iranian banks totalled $250m Mr. Mowlavi added. He did not give a date for the settlement with foreign shareholders and declined to say on what basis this figure had been calculated. Nominal value of foreign shares in Iranian banks had earlier been calculated at $170m.

Mr. Mowlavi suggested that foreign banks should convert their compensation into rials and form a consortium to undertake investment in industrial and agricultural ventures in Iran.

It is believed here that the suggestion may be another bright idea from Iran's Revolutionary Council, represented at the AGM by Mr. Abol Hassan Bani Sadr, the radical Islamic economist.

Mr. Mowlavi evaded questions from the foreign Press concerning the settlement of Government debts to many foreign companies working in Iran. Such questions were a matter of general Government policy rather than banking procedure and should have to be addressed to the Government, he declared.

Competition Bill delayed in wrangle

By Ivor Owen, Parliamentary Staff

LABOUR MPs forced the Government last night to postpone the Second Reading vote on its Competition Bill.

This delay was claimed as a tactical victory by Opposition leaders.

Mr. Norman St. John-Stevas, Leader of the Commons, finally agreed that the Second Reading vote should be deferred after a procedural wrangle lasting more than three hours.

The wrangle centred on the timing of the debate on the economy of Northern Ireland. Labour MPs objected to the Government's insistence that the debate should not begin until after 10 pm so that the Second Reading debate on the Competition Bill could run its normal course.

It was another embarrassment for the Government's business managers already under criticism from Tory backbenchers and Opposition for attempting to crowd too much into the week before Parliament adjourns for the summer recess on Friday.

Weather

UK TODAY

MAINLY cloudy.

London, E. and N.E. England
Cloudy. Bright or sunny intervals. Max. 20C (68F).

S.W. England, Wales, N. Ireland Isle of Man, Channel Is., N. Scotland, Argyll, Shetland, Orkney
Cloudy, outbreaks of drizzle. Hill and coastal fog. Max. 17C (63F).

Rest of England, S.W. Scotland
Cloudy, drizzle in places. Max. 18C (64F).

Rest of Scotland
Cloudy. Bright or sunny intervals. Max. 17C (63F).

Outlook: Cool, occasional rain. Some sunny intervals in N.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	24	75	Lisbon	S	27	81
Algiers	S	29	84	Locarno	S	24	75
Amsdm.	C	16	61	London	C	18	64
Athens	S	33	91	Luxmbg.	C	16	61
Bahrain	S	38	100	Luxor	S	40	104
Barcina.	F	25	77	Madrid	S	28	82
Beirut	S	29	84	Majorca	F	27	81
Belfast	F	16	61	Malaga	S	25	77
Belgrd.	F	22	72	Malta	S	34	93
Berlin	C	15	59	Mchstr.	C	16	61
Biarritz	F	21	70	Melbne.	S	11	52
Bmghm.	C	17	63	Milan	S	25	77
Blackp'l	F	16	61	M'ntreal	S	21	70
Bordx.	F	23	73	Moscow	C	19	66
Boulgn.	C	16	61	Munich	F	17	63
Bristol	C	16	61	Nairobi	S	20	68
Brussels	C	16	61	Naples	S	28	82
Budpst.	F	22	72	Nwcstl.	C	14	57
B. Aires	S	17	63	N. York	C	30	86
Cairo	S	36	96	Nice	F	26	79
Cardiff	R	18	64	Nicosia	S	28	82
Casb'ca	F	22	72	Oporto	F	22	72
Cape T.	C	15	59	Oslo	F	18	64
Chicago	S	28	82	Paris	C	17	63
Cologne	C	15	59	Perth	S	18	64
Conhgn.	C	16	61	Prague	C	15	59
Corfu	S	35	95	Reykjvk.	S	12	54
Dublin	C	15	59	Rhodes	S	32	90
Dbrvnk.	S	29	84	Rio J'o	S	23	73
Ednbgh.	C	17	63	Rome	F	28	82
Faro	S	24	75	Salzb'g	F	18	65
Florence	F	27	81	Singapr.	S	29	84
Frankf't	C	16	61	Stckhm.	F	19	66
Geneva	S	20	68	Strasb'g	C	19	66
Gibrltr.	S	27	81	Sydney	S	15	59
Glasgow	C	15	59	Tangier	S	24	75
G'nsey	S	16	61	Tehran	S	32	90
Helsinki	C	16	61	Tel Aviv	S	28	82
H. Kong	S	30	86	Tenerife	F	19	66
Innsbr'k	F	20	68	Tokyo	C	29	84
Invrnss.	C	14	57	Toronto	F	25	77
I.o.Man	C	15	59	Tunis	S	32	90
Istanbul	S	30	86	Venice	S	24	75
Jersey	S	16	61	Vienna	C	20	68
Jo'burg	S	14	57	Warsaw	C	15	59
L. Pims.	F	23	73	Zurich	F	19	66

C—Cloudy. F—Fair. R—Rain. S—Sunny.

Japan discount rate rises 1%

BY RICHARD C HANSON IN TOKYO

THE BANK OF JAPAN yesterday acted against the threat of rising inflation posed by the increase in oil prices and Japan's *buoyant economy. From today,* the official discount rate rises to 5.25 per cent from the 4.25 per cent set three months ago.

Officials at the central bank said the tightening of credit would not cause any sudden downturn in the economy. The action was prompted by very high increases in the past three months in the wholesale price index, and was aimed at curbing the rise in prices before real economic growth is damaged.

Initial reactions to the increase, which closely follows similar moves by the U.S. and West Germany, were favourable. The domestic bond market showed signs of recovering, and the yen rose cautiously on the Tokyo foreign exchange market.

The discount rate increase will lead to a rise of 0.5 to 0.75 per cent in all officially controlled bond, bank deposit and trust account interest rates. Short-term prime lending rates will probably rise 1 per cent.

The rise clears the way for an August increase in the coupon on Government bonds from 7.2 to 7.7 per cent, which should make them more attractive to investors. The size of the increase appears to have reassured the securities industry that discount rate will not need to be raised again for the time being.

BR reviews manufacturing policy

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL is considering surrendering its near-monopoly as manufacturer of its own rolling stock and railway equipment.

The railway board, dissatisfied with late deliveries from its own workshops and with delays to maintenance schedules, has launched a review of its manufacturing and maintenance policies.

It has asked consultants to examine areas in which British Rail's workshops might be exposed to private-sector competition. Such a move would meet stiff resistance from the railway *unions.*

The private sector would welcome freedom to bid for contracts to supply British Rail. A liberalisation of tendering procedures would be of particular significance to the railway equipment subsidiaries of GEC, the Laird group and Hawker Siddeley.

British Rail's anxiety about the performance of its wholly-owned subsidiary British Rail Engineering, (BREL) which operates 13 workshops, has been evident for many years.

There have been complaints about delays to maintenance schedules, which have meant cutting services and of disruption to prestige projects caused by late delivery of equipment. BREL has also been blamed for British Rail's failure in recent years to spend the whole of the annual capital investment sums authorised by Government. BR's freight department has told the board that more than £10m in revenue has been lost this year because of delays in repairing freight locomotives.

This has been a great embarrassment at a time when British Rail has been lobbying the Government for a higher investment allowance, for electrification of the network and for a rail-only Channel Tunnel.

A second review of railway equipment supply is also in progress under the sponsorship of the Transport Department.

This is a comparative study of public transport equipment supply in several countries, but some of its research is being carried out in conjunction with the British Rail review due to be completed in the autumn.

Since Sir Peter Parker became chairman of British Rail, moves have been made to strengthen the Board of BREL, *but the subsidiary still operated* without a profit and loss account against its income of £314m last year.

● British Rail last night discounted a report that a joint Government-British Rail review of electrification is to propose a financial deal between the railway and private-sector companies as a way of paying for further electrification.

BR said it was in principle interested in leasing as a way of raising funds for electrification, but denied that any negotiations had taken place.

The joint working party is expected to present its report to Government in the next fortnight.

The working group studied three options for further electrification of the rail network and has concentrated on assessing the likely economic return from each option.

It is thought that the two sides of the working group may have agreed that further studies on cost-benefit of a middle option should be carried out.

This option would mean electrifying 1,700 route miles of railway at a cost of £350m.

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